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Published With The New York Times and The Washington Post

**IMF** Sees

Struggle

Admits Rates Are

High but Affirms

Baker Strategy

By Hobart Rowen

Washington Poet Service
WASHINGTON — Although
resolution of the Third World debt

problem "is likely to take longer

than was expected," the basic debt

strategy devised two years ago by Treasury Secretary James A. Baker M should not be altered, the lead-

ing political figures who manage

The IMF's Interim Committee

which convened here over the weekend prior to the opening Tues-day morning of the annual IMF-

World Bank meeting, admitted

that the debt crisis was not re-

sponding to help as quickly as had

been hoped, in part because of low

commodity prices and a recent trend of high interest rates.

But in a long communique, the Interim Committee — to the dis-

may of attending Third World par-ticipants — urged that nations stay

pretty much with the Baker "case

y-case" approach to debt strategy.

except for modest refinements in

the form of "market-oriented op-

tions" that the banks might substi-

This is the only way in which

adjustment programs and financ-

ing flows can be tailored to individ-

ual country circumstances," the

Mr. Baker, meanwhile, lent some

support Monday to a new request

by Brazil to renegotiate \$68 billion of foreign bank debt by saying it

was not necessary that it first reach

Mr. Baker's debt plan, unveiled

two years ago at the annual IMF-World Bank meeting in Scoul, called on the multilateral and com-

mercial banks to expand their loans

to 15 major debtor countries, on

the condition that those countries

undertake specific economic re-

forms to boost efficiency and eco-

But the debtor countries have

openly and bitterly challenged the Baker plan, warning that they see it

See IMF, Page 21

que said.

an accord with the IMF.

tute for traditional loans.

International Monetary Fund

PARIS, TUESDAY, SEPTEMBER 29, 1987

ESTABLISHED 1887

**New Mines** 

Are Found

In the Gulf

Iran Is Blamed;

Pre-emptive U.S.

Raids Ruled Out

By John Kifner

shipping lane of the Gulf, maritime

sources said Monday, causing con-sternation among the U.S. Navy

"Those damn Iranians have done

it again," Rear Admiral Harold

Middle East Task Force, was heard

to say as he rushed from a ceremo-nial dinner Sunday night given by the emir of Bahrain, Sheikh Issa ben Salman al-Khalifa, for Secre-

tary of Delense Caspar W. Wein-

berger.
The new minefield lies off Duhai

in the United Arab Emirates, in the

deep-water channel just south of the Iranian Island of Abu Musa.

New York Times Service MANAMA, Bahrain — Iran has own a new minefield in the busiest



Michel Camdessus of France, managing director of the IMF, at a news conference Monday.

# Soviet Commentators Urge More Openness From Military

By Celestine Bohlen paredness in the Soviet Union is outdated in the new era of openness according to Soviet commen tators writing in journals.

The challenge for more compared to the powerful Ministry of Defense comes after

Kiosk

Schroeder Out

DENVER (AP) - Represen-

tative Patricia Schroeder of

Colorado announced Monday that she will not seek the 1988

Democratic presidential nomi-

Mrs. Schroeder, 47, sold the

crowd gathered in the city's Civic Center Park: "I learned a

lot about America and I learned

a lot about Pat Schroeder.

That's why f will not be a candi-

date for president. I could not

Her decision leaves five an-

nounced candidates and one

Democratic field. (Related sto-

figure out how to ron."

ry, Page 3.)

**Of '88 Race** 

the Soviet leader, Mikhail S. Gorhachev, promised in an article published Sept. 17 to do "more work" on providing comparable military figures as a way of building East-

"I think that given proper effort," Mr. Gorbachev wrote in an article published in the Communist Party daily, Pravda, "already within the next two or three years we will be able to compare the figures that are of interest to us and our

Soviet intentions to lift, at least partly, the clock of secrecy that traditionally has surrounded its military establishment were confirmed in an article that appeared in the weekly Moscow News earlier

The commentator, Viktor Zoppi, said the Soviet Union was prepared to publish "not only the budget

penditures by the U.S.S.R. Defense Ministry," but also those connected with the financing of research and development "and with the urchase of arms and military

The Soviet budget annually lists a figure for military spending, which Western analysis view as grossly understated. The figure recently went up slightly, reaching 20.2 billion rubles (\$33.6 billion), or 4.6 percent of total state spending in 1987.

Writing this month in the Communist Party journal Kommunist Stanislav Kondrashov, a wellknown international commentator vestia, said the lack of "necessary information about military and See SOVIET, Page 2

# Gorbachev Is Expected To Meet French Group

MOSCOW - Mikhail S. Gorbaceive a French delegation Tuesday, a Soviet official said Monday.

The long absence of the Communist Party general secretary has prompted speculation that he was ill or facing political opposition but Soviet, spokesmen said last week that he was on vacation and in

The delegation that is expected to meet him is headed by former Prime Minister Pierre Mauroy. Soviet television said that it would film the meeting.

In Mr. Gorbachev's absence, Yegor K. Ligachev, the Communist Party's chief ideologist and its hard-line number two, has been prominent. Last Friday, he re-ceived the French Socialist Party first secretary, Lionel Jospin.

judge, for the prosecution and for the defense.

tention on a subject long buried in

In many ways incest is society's

last unspeakable taboo. As Miss

Pierson's case has attracted atten-

tion around the United States, psy-chiatrists, social workers and oth-

ers say the public debate has helped

pierce the silence that permits in-

cest and similar forms of sexual

cy," said Dr. Judith L. Herman,

assistant clinical professor of psy-chiatry at the Harvard Medical

School and anthor of the book "Fa-

"The essence of incest is secre-

abuse to continue.

Whatever may have happened in

**■** Corbachev Message Mr. Gorbachev responded to a letter from an anti-nuclear group congratulating him on the recent arms cuts agreement, saying that Moscow will not "desist from pursuing our objective," The Associat-

Dr. Bernard Lown, co-president of the International Physicians for Prevention of Nuclear War, which won the Nobel Peace Prize in 1985. was handed the five-sentence message Friday in Washington by the

been said and done, and all the neighbors and Iriends who testified that they had suspected sexual abuse but had never done anything tention on a subject long buried in

In N.Y., a Killing Pierces
Silence on an Old Taboo

public since Ang. 7, is due to resent Mr. Gorbachev a letter in which Dr. Lown praised the Soviet part in the arms agreement but also urged a comprehensive test ban treaty. A similar letter was sent to President Ronald Reagan.

Dr. Lown said the message "had a personal flavor. I have seen Mr. Gorbachev three times for a total of eight hours. I have no doubts whatsoever it came from him."

The Dow Jones industrial index



With Lech Walesa, right, a founder of Solidarity, Vice President Bush hid a wreath Monday at the tomb of Father Jerzy Popieluszko who was abducted and murdered in 1984.

# **Bush Appears Publicly With Walesa** In Ceremony at Popieluszko's Grave

By Jackson Diehl and David Hoffman

WARSAW - Vice President sorge Brish gave the banned Soli-

as a stand-pat policy that could lead to defaults. darity trade union a dramatic public endorsement Monday, appearing with Lech Walesa before a A report over the weekend by the Group of 24; a steering committee cheering crowd. Then, using a national broadcast on Polish staterun television, he called for "selfgoverning organizations" like trade "A Pole is not a serf," Mr. Bush

said in his televised address, which drew a sharp official reaction after Prices on the New York Stock it mentioned Solidarity by name Exchange rose sharply Monday in and implicity challenged the Communist government.

The statement followed an emotional scene at Warsaw's St. Stanislaw Kostka church, where Mr. Bush laid a wreath on the grave of the murdered pro-Solidarity priest, charged public appearances over-

waved Solidarity's victory sign at "I am proud to be standing next

to Lech Walesa, a man so respected in the United States," Mr. Bush told the crowd of several thousand, The crowd responded with chants for Solidarity, Mr. Bush, Mr. Walesa and President Ronald Reagan. "We want Lech, not Woj-

ciech," they shouted at one point,

referring to the Polish leader, General Wojciech Jaruzelski. signed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumplituous crowd. The church

yard was bedecked with Solidarity banners, flowers and candles, Mr. Bush's two politically-Jerzy Popieluszko, then stood with shadowed his third day of talks

dorsement of Solidarity clearly offended the Polish government, which had hoped that his trip would lead to a significant improvement in U.S.-Polish relations.

The Polish authorities had anticipated that Mr. Bush would endorse Solidarity and meet with Mr. Walesa. But the vice president went beyond the usual practice of Western visitors by doing so in public.

Immediately after Mr. Bush's television appearance, during the widely-viewed evening news, a commentator for the Communist Party newspaper Trybuna Ludu said that the vice president "did not get rid of all myths and illusions about Poland during his visit. Later, a program featuring commentators who further criticized the statement was broadcast.

One commentator suggested that Mr. Bush had made the remarks in the hope of attracting Polish-American support for the Republi-can Party. "They were pretty words," said Maximilian Berezowski, another journalist on the program. "But what did they hide? A certain didacticism which is typical of Americans."

Mr. Walesa was jubilant. "I am truly surprised but now I understand the greatness of America which has such wonderful representatives," he told Western reporters. "Mr. Bush is a great man who indeed deserves to lead a great na-

Accompanying Mr. Busb through the church as the crowd chanted their names, Mr. Walesa turned to the vice president and said, "Why don't you stay here and run for president? The speciacle of Mr. Bush and

Mr. Walesa was ignored by the state-run media. As Mr. Bush wait-See BUSH, Page 2

The United States will not besitate to act when ships are spotted laying mines in the Gulf or other hostile acts are committed, a White House spokesman said Monday, according to United Press Interna-tional. But administration officials also said that the U.S. policy "does

not authorize pre-emptive strikes."] The mines were dropped into the Gulf less than a week after U.S. belicopters raided an Iranian amphibious landing craft, the Iran Ajr. The raid, which produced television footage of the captured mines abourd the ship, was a rare propaganda triumph for the Unit-

The raid was mounted just be Iore President Ali Khamenei of fran addressed the United Nations General Assembly on the Guif war. Iwenty-six Iranian sailors were aptured and sent back to Iran, the podies of three were recovered and two more seamen were missing and presumed dead. The ship was

Led by the United States, Western nations are assembling a large force of naval vessels, including minesweepers, to protect the oil shipping of Kuwait, thus, in effect, siding with Iraq in its war with

British minesweepers began op-erations in the Gulf for the first time Monday, a Defense Ministry spokesman said in London.

In the war itself, Iraq continued its renewed wave of air raids on another Iranian tanker close to the shipping terminal at Kharg Island on Monday.

Nearly all of the oil tankers and other ships headed for the Arab states on the western side of the Gulf must use this channel. The area near the Iranian side has been declared an "exclusion zone" where ships can be attacked by Iraq, and the waters nearer the western shore rapidly become dan-gerously shallow, particularly for heavily laden tankers.

This is the busiest shipping lane in the Gulf," said a Western diplo-

Shipping from the various ports of the United Arab Emirates came to a near standstill Monday, shipping and salvage sources said.

"If there are more mines, it's going to put the fear of death into people around here because no place will be safe," said a shipping agent in Dubai, reached by tele-

U.S. Navy officers said privately that the Task Force was becoming overwhelmed with the job of finding the mines and could not keep up with the Iranians.

■ U.S. Role Clarified A White House spokesman, Marlin Fitzwater, said Monday

that the "rules of engagement have See GULF, Page 2

# Salvador Land Reform Turns Into Nightmare

By Lindsey Gruson ROSARIO DE MORA, El Salvador — When José Eleutereo Cruz received a tiny plot of land just below the rocky spine of a mountain ridge here seven years ago, it fulfilled his lifelong dream to own the ground he works. But now that

up and moving to another area. "It's bad land," said Mr. Cruz, who is 35 and has four children. "Every year it produces less. I don't have enough money to buy fertilizer. I don't have enough to pay the mortgage. My life isn't better, it's worse. I've been working that piece 11 years and I'll have to leave

dream is little more than a night-

mare and he is thinking of giving

Mr. Cruz's plight is an example of the problems that have led to a sharp decline in agricultural production and a surge in discontent with the land program in El Salva-

dor, a program that is the backbone of the U.S.-supported attempt to bring social stability to the country.

The program was largely written by officials attached to agencies strongly influenced by U.S. policy. It is the major component in the U.S. effort to help the government of President José Napoleón Duarte win over the peasants and sap sup-port for leftist rebels. The U.S. Agency for International Develop-ment has put more than \$200 million into the effort.

The former U.S. ambassador to El Salvador, Robert E. White, once hailed it as "the most revolutionary land reform in Latin American his tory." But widespread circumvention by large landowners and ineq-nities of land ownership remain among the most fertile issues for the Marxist-led guerrillas fighting Mr. Duarte's government.

In addition, many of the cooper-See LAND, Page 2

CLASSE celebrate STRIAN NATIONAL LOTTER

FOR HO

Patricia Schroeder fighting back tears dur-ing her announcement. GENERAL NEWS

III The White House denied that President Reagan authorized a secret attempt to kill a Lebanese Shiite leader. Page 3. BUSINESS/FINANCE

EUS. investor takes a 12 percent stake in Salomon Brothers

Dow close: UP 31.33 The dollar in New York: DM £ Yen FF 1.828 1.639 144.35 6.0905

By Dena Kleiman

New York Times Service NEW YORK — When all had

had gone home, the judge in the

Why had Miss Pierson, who says

she hired a high school ci\_\_\_mate to

kill her father because he had sexually abused her, never told anyone

about the abuse or sought help?

the judge, Acting Supreme Court Justice Harvey W. Sherman, said

last week at the close of Miss Pier-

son's pre-sentencing hearing in Ri-

troublesome to this court."

verhead, New York. "It is most

"It would have taken very little,"

Cheryl Pierson case still wanted to secrecy.

Soviet ambassador, Yuri V. Du-

See WORK, Page 2.

NYSE Up Sharply On Dollar Accord

response to a stronger dollar that was bolstered by the Group of Sevou's reaffirmation over the weekend of an agreement to keep exchange rates stable.

climbed 31.33 to close at 2,601.50. Trading was active. Page 16:



The Bremerhaven fish-auction hall has been deserted following claims that some fish are infested with worms

# German Fisheries: A Storm Ashore

By Ferdinand Protzman

International Herald Tribune
BREMERHAVEN, West Germany -5 A.M., the Bremerhaven fish-suction hall is shrouded in mark, pressing a glum, feeble dawn. Only one trawler, from Iceland, is moored to the half-mile (800-meter) long wharf, the lights on beat's superstructure haloed by chilly mist. The air reeks of fish.

Inside the vast hall, running nearly the length of the wharf, the day's offerings of redfish, salmon, sole and cod, packed in ice and displayed in white plastic crates, he on the concrete floor under glaring, finorescent lights. A veterinarian and two health inspectors sort through the catch, grading it by quality and freshness. There is little to do. The hall is nearly empty.

salers, retailers, restaurant buyers and auction workers begin filtering in, wandering among the fish, sipping coffee, smoking and debating prices before the auction begins at 7

Their mood is as grim as the weather, because the industry is in the midst of a crisis brought on by allegations that some North See fish are infested with round worms and round-worm larvae, which can pose a health

"It's a carastrophe," said the auctioneer, Herbert Buschhardt, who has been dropping the gavel on fish sales here for 48 years. "These are the worst times I've seen. What we had today was nothing compared to a normal anction. The consumers have lost faith in us, although fish have always had worms and

there is no health threat. All because of that TV program." He was referring to a monthly public af-fairs program called "Monitor," aired by West Germany's ARD television network.

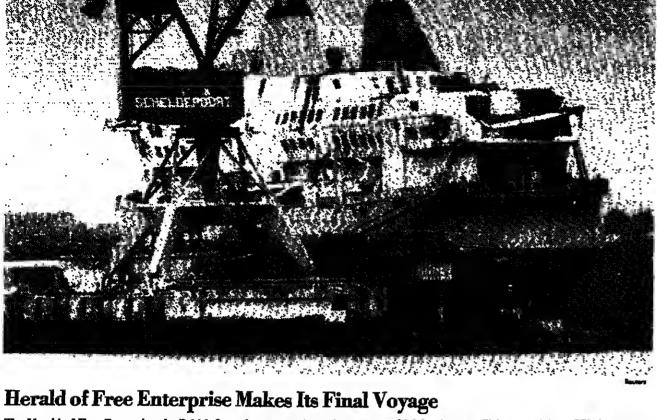
The broadcast on July 28 carried a graphic report on the North See fishing industry, showing just more than 10 million viewers close-ups of worms being dug from the bellies and flesh of herring, of worms squirming on a knife point and wriggling under a micro-scope. Blow-ups of the worms made them

look like huge snakes. A young man interviewed, who had had a 12-centimeter (4.7-inch) section of his large intestine removed after doctors found a worm, claimed that the worm came from eating pickled herring. A doctor described See FISH, Page 21

In many ways, this silence by the ther-Daughter Incest." "Anything

18-year-old former cheerleader and that breaks the silence - breaks

by so many neighbors and friends the taboo on talking about it — lies at the heart of the case, for the See TABOO, Page 2



1985 of kidney disease.

Miss Pierson said she decided to

The psychiatrists who testified

textbook example of an incest

family and of the intricate psycho-

logical mechanisms that make dis-

As the psychiatrists explained,

is it always regarded as obviously

wrong by the child, and may initial-

When sexually abused children fi-

speak out.

be confused with affection.

Miss Pierson said at the pre-sen-

tencing hearing that her father ap-

proached ber sexually for the first

time when she was 11, during the

long car trips to visit her mother in

**SOVIET:** 

Military Openness

(Continued from Page 1)

military-political affairs" hampers

"It is no secret," he wrote, "that

some of our military secrets, touch-

ing on the number and military

characteristics of various nuclear

missiles, have not been a secret for

a long time abroad, thanks to space

Pyotr Cherkasov, in a book re-

view appearing in the journal Novi

Mir, complained that Soviet diplo-

mats, experts and international

commentators must rely on mili-tary figures published in Western

"What we need are more detailed

official calculations of the balance

of military potentials, facts about

military budgets and other infor-

mation of a military character,

which incidentally does not repre-

sent a great secret for our opponent but rather is consciously distorted

Mr. Cherkasov also complained

that the Soviet literature about dis-

armament suffers from "dilettan-

tism" and skims over a technical

approach.
The Soviet public's ignorance

about its own military affairs was

by him," he said,

and electronic intelligence."

Soviet journalists in their work.

The Herald of Free Enterprise, the British ferry that capsized at Zeebrugge. Belgium, killing 189 people, has been sold for scrap, Netherlands, to a Mediterraneau port, where it will be broken up.

# Britain's Labor Party **Launches Major Review** Of Its Electoral Policies ally. A transcript of his remarks was released early Monday.

BRIGHTON, England - Britain's opposition Labor Party. struggling to regroup after three successive election defeats, voted overwhelmingly Monday to launch a far-reaching review of party poli-

Party leftists accused the Labor Party leader. Neil Kinnock. of planning to abandon Labor's socialist beliefs in pursuit of the young and blue-collar voters who helped the Conservative prime minister, Margaret Thatcher, win a third five-year term in elections June 11.

But delegates to the weeklong annual party conference, the first since the June elections, nonetheless endorsed the Kinnock-hacked policy review document, titled "Moving Ahead." It is aimed at drumming up support among the better-off.

In an interview with the British Broadcasting Corp. to be broadcast Monday might, Mr. Kinnock indicated for the first time that Labor may abandon its pledge to scrap Britain's nuclear weapons unilater-

plea bargain, she faces a maximum

of six years in prison, with eligibil-

ity for parole after two years. How-

ever. Judge Sherman could sen-

Miss Pierson, who is to be sen-

tenced Monday, was asked during

the hearing about a enlogy she bad

written for her father that was read

"Was that about your father or someone else?" asked Mr. Jab-

"It was what I wished my father

would have been," she replied. "I

id love him very much. He was a

tence her to probation.

the day he was buried

lonski, the prosecutor.

Sean Pica, 18, who did the shooting good provider for my family. The

Mr. Kinnock said it was inadvistudes and say that they are ntterly

able "to absolutely screw in attipermanent fixtures. "The permanent fixture is the need to defend our country proper-

and the need to meet those duties," he said. "The systems of weaponry that evolves round — that is subject to

change as the superpowers have currently demonstrated," he add-

Union agreed in principle this month to eliminate medium-range and shorter-range nuclear missiles from Europe. That would mean the withdrawal of U.S. cruise missiles from Britain.

But the agreement will not affect U.S. F-111 bombers and submarines carrying nuclear weapons also based in Britain, or Britain's own long-range nuclear missiles.

Earlier, Labor's deputy leader, Roy Hattersley, described the antinuclear policy as "the major vote-loser" and said it must be reviewed.

Mr. Hattersley, on the right of the party, has opposed the antinuclear policy since its adoption in

The truth is that unless w change ourselves, the Conserva-Under terms of Miss Pierson's tives are likely to dominate the politics of the '90s as they dominated the politics of the '80s," Charles Petric, a Labor legislator, warned the 4,000 delegates.

> Big trade unions, which wield huge blocks of votes at the conference, supported Mr. Kinnock to defeat leftist demands that the party organize anti-Thatcher street demonstrations and that its legislators disrupt parliamentary pro-

The conference opened against a background of sharp attacks from left-wingers on Mrs. Thatcher's government and Mr. Kinnock's party leadership.

# **WORLD BRIEFS**

Wiesenthal Suggests Waldheim Quit

VIENNA (AP) — Simon Wiesenthal, the Nazi hunter, suggested

Monday that President Kurt Waldheim resign when an international
commission probing his war record completes its work, while one of the six-member panel came under fire for allegedly withholding vital evi-

Mr. Wiesenthal said at a press conference that if it was proven that Mr. Waldheim's military unit was involved in war crimes, "it is obvious that he must draw the conclusions. If the documents do not show any involvement, he can make the decision to go: without losing face, but in Austria's interest." Mr. Waldheim has persistently denied any wrough

ing.

Silvana Konieczny-Origlia, a sociologist who worked in Mr. Wiesenthal's office for four years, said at a later news conference that she had secretly copied confidential documents incriminating Mr. Waldheim and ly, the need to be effective allies had taken them to Italy for publication. She said a British historian Gerald Fleming, had sent these documents to Mr. Wiesenthal for his "private archive" and that Mr. Fleming should leave the Waldheim commission for suppressing key material.

#### The United States and the Soviet B-1B Bomber Crashes in Colorado

LA JUNTA, Colorado (AP) — A B-1B bomber with six crew members on board crashed Monday during a training mission near this eastern Colorado community, but three crew members parachuted to safety before the plane went down, authorities said. The other three crew members were unaccounted for, officials said.

The crash was the first ever for a regular production model of the B1-R although a prototype of the bomber crashed in August 1984 in the Mojave Desert of California. One man was killed and two others

seriously injured in that accident.

The air force has been criticized over the past year for its handling of the B-1B program, primarily because of acknowledged problems in developing the bomber's radar-jamming gear. The service, while conceding the problems in the program of the property of the pr ing the so-called electronic countermeasures equipment has yet to per-form as designed, has nonetheless insisted the plane is already the best long-range bomber in the world.

#### 62 Senators Protest Saudi Arms Deal

WASHINGTON (AP) - Sixty-two senators have signed a letter urging President Ronald Reagan to shelve plans to sell \$1.4 billion worth of missiles and other weapons to Saudi Arabia, two leading opponents of the proposed transaction said Monday.

Senators Alan Cranston, Democrat of California, and Bob Packwood Republican of Oregon, said they expected the White House to send a formal sale proposal to Congress this week. Once notified, Congress has 50 days in which to approve or block the sale.

#### Colonel Abolishes Fiji's Constitution

SUVA, Fiji (AP) — The leader of the coup in Fiji, Lieutenant Colonel Sitiveni Rabuka, said Monday that he had abolished the Fijian Constintion and that a council of ministers would act as an interim government until a new document could be drawn up to guarantee political power for

Colonel Rabuka said no pobticians would be on the council, which is to be named Tuesday. Diplomats said formation of the council appeared to be a prelude to the colonel's dismissal of the governor general, Ratu Sir Penaia Ganilau, the representative of Queen Elizabeth U. He would then appoint himself head of state.

# Shultz Schedules Visit to Middle East

LAND: Salvador Agrarian Reform Turns to Nightmare UNITED NATIONS, New York (AP) - Secretary of State George P. Shultz is expected to visit Israel, Egypt and Jordan next month to assess prospects for advancing the long-stalled Middle East peace process, the State Department said Monday.

Mr. Shultz will visit the Middle East on his way to talks in the Soviet

Union, which are set to start Oct. 22. In Moscow, he will discuss arrangements for a summit meeting between President Ronald Reagan and Mikhail S. Gorbachev,

Mr. Shultz has not visited the Middle East since 1985, and his long absence reflects the prolonged stalemate in efforts to achieve a comme hensive settlement in the region. The United States considers that such an agreement can be reached only through direct negotiations between Arab

## The final phase, better known as A Reagan Helicopter in Radio Mixup

WASHINGTON (AP) - The Federal Aviation Administration is reviewing its air traffic handling of President Ronald Reagan's helicop ters after the pilot of an escort belicopter was unable to contact a control tower and flew near a private plane last week, officials said Monday.

FAA officials denied that any of the four helicopters, including the one carrying the president, was involved in a near-collision. "At no time was safety compromised, nor was the president's helicopter, Marine One, involved in the incident," an FAA spokesman, Bob Buckhorn, said of the Sept. 21 incident near Newark International Airport in New Jersey. Mr. Buckhorn said the pilot of the escort helicopter could not reach the

Newark control tower on a special frequency that had been set up for the four presidential helicopters. He said the pilot then used a normal frequency and contacted the tower.

#### For the Record

Dockworkers stopped work in Copenhagen harbor Monday, protesting that the visiting U.S. destroyer Hayler might be carrying nuclear weapons in breach of Danish government policy.

Doctors have found no signs of cancer in Emperor Hirohito, 86, who underwent surgery on his pancreas last week, a television station reported

Rear Admiral John M. Poindexter, who was President Ronald Reagan's national security adviser until the Iran-contra affair crupted, will retire from the navy Thursday with the question of his rank deferred until a special prosecutor has completed an investigation of the affair. (NYT)

#### Doubling of Air Traffic Seen by 2000

nations of the International Civil Aviation Organization carried a record 950 million passengers on scheduled flights, an increase of 6 percent over 1985. It estimated that \$90 billion would be spent between now and 2000

(Continued from Page 1)

but we are prepared to protect our interests in the Gulf."

He made the statement in re-

ships.
"We have said when we see hos-

ustified," he added in reference to the U.S. capture of the Iran Ajr. Mr. Fitzwater said the United

"We are not at war with Iran," he

ward greater freedom and plural- arms sales to Iran, Reuters report-

We want to get an arms embar-

go against Iran," the defense secretary said at a news conference after talks with President Hosni Mubarak of Egypt to round off a tour

Saudi Arabia and Bahrain. He said members of the UN Security Council, which called July 20 Iraq, should remain united and ea-

dorse the arms ban. "It is vital to try to maintain unity in the United Nations if we can," he said. "We should proceed together on the embargo resolution

as soon as we can."

Mr. Weinberger said he had found that the leaders whom he met during his four-day tour, King Fahd of Saudi Arabia and Sheikh Issa of Bahrain, as well as President

Mubarak, fully understood Washington's position.
"We have a clear understanding

with the leaders of the nations have talked with on the importance of our continuing to do what we are doing — the vital necessity of keeping the freedom of the seas and keeping international waters open," he added.

#### TABOO: Murder of an Abused Girl's Father Ends Conspiracy of Silence that Mrs. Pierson did suspect it and tenced to 24 years in prison and had told a stepbrother that she will be eligible for parole after eight Cathleen, who died in Fehruary

knew it was going on but could not years.

In the most dramatic part of the

hearing, the stepbrother, Jay Fleck-

enstein of Tucson, Arizona, broke

his silence after seeing a televised

report about the case in which Miss

Pierson's paternal grandmother

said she did not believe that Miss

Pierson had been sexually abused.

the silence of Cathleen Pierson."

Mr. Gianelli, Miss Pierson's attor-

nev. said in his closing remarks. in

trying to explain why Miss Pierson

Miss Pierson pleaded guilty in

manslaughter in March, along with

and was paid \$400. He was sen-

(Continued from Page 1)

ative farms established by the 1980

For the political right, the pro-gram is too drastic; for the left, it is

The wealth of the country is

now concentrated in fewer hands

than before agrarian reform," said

Land redistribution, said a West-

era diplomat, "is always in princi-

ple good, but never works in prac-

land program into effect at gun-

point, farm production has fallen

sharply in every major crop except

sugar cane, according to statistics

compiled by the Agency for Inter-

Cotton production, it said, has

suffered the biggest decline, drop-

ping by 90 percent and turning El

Salvador from a net exporter into

an importer. The agency noted that

production of coffee, the major ex-

port crop and the chief earner of

foreign reserves, has fallen more than 11.5 percent. The total pro-

duction of export crops has

Agriculture Minister Carlos

Aquilino Duarte Funes says that

cooperatives are on the verge of

duced the interest rates it charges

ermined by a range of factors.

debt that the new owners acquired

credit rating and their yields.

The program has also been set

back by attacks from guerrillas

seeking to destroy the country's ag-

ricultural base and by legal and physical attacks by former land-

owners trying to recover their land.

ture of El Salvador may hinge on

Development officials say the fu-

The most serious, land distribu-

national Development.

program are failing.

too little, too late.

berself had not spoken out.

The most shocking silence was

do anything about it.

(Continued from Page 1)

sexual abuse of children have risen In 1976 there were 6,000 reports of such abuse across the United States. By 1985 the number had closure unlikely. reached 113,000, the vast majority

involving parents and other relatives of the victim, according to the American Humane Association in Denver, a private group that seeks to protect children and animals. Experts believe the number of cases reported is still a fraction of nally realize that what has been what remains hidden. Among other going on is wrong, they tend to blame themselves and are afraid to

fortable and deeply disturbing.

the hospital. She said be fondled her chest and legs. devastating, psychiatrists say, that "I just thought he was showing me affection," she testified, adding lem exists rather than seek help. In the Pierson case, the prosecutended that because Miss Pierson

because of the nature of incest, Miss Pierson could not speak out.

ber lawyer, Paul Gianelli, said. Why Miss Pierson could not tell anyone is a complex question, the psychiatrists at her hearing testi-fied. It is not unlike the question of why women who are raped often do not scream. It has no simple answer, they say, but fear, shame and denial play roles. In the case of incest, another factor is a desire by an already severely insecure child

There is a recognition on the part of everyone that once the incest is disclosed there will be enormous upheaval and nothing will ever be the same," said Dr. David a surprise visit to radar facilities at Finkelhor, director of the Family Research Laboratory at the Uni-

> The Pierson family in many ways was average. They lived in Selden, a perience. blue-collar town in the center of Long Island, James Pierson, a 42year-old father of three, was an electrician. Cheryl, then 16, was a co-captain of the Newfield High School junior varsity cheerleading squad. The two other children were James Jr., 19, who no longer lived

at home, and JoAnne, 7.
When Mr. Pierson was fatally shot in his driveway on Feb. 5. 1986, no one at first could imagine why. When it turned out, after powas engineered by his daughter be-cause, she said, her father had sexually abused her, the community

was stunned. was n shock. There had been what Care Association of New York. appeared to he a loving relation-ship between Miss Pierson and her did not believe her mother was father, particularly after the long aware of the abuse, testimony at

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makes it more possible for victims and others to speak out."
At a time when it appears that have ber father murdered after becoming worried that he would society is beginning to confront inabuse her sister. cest, in large part because of the attention being given to marital rape and hattered wives, reports of and other psychiatrists around the country said the Piersons could be

sexual abuse, unlike physical abuse, is not usually immediately apparent to outsiders. Nor, at first,

reasons, incest cuts to the core of many cherished principles about the American family - privacy, parental control, marital sex, discipline, trust — so it remains uncom-

For members of the family, the suggestion of a sexual relationship between a parent and a child is so they prefer to deny that the prob-

that she initially welcomed these tor. Edward Jablonski, has con- attentions and regarded them as a sign of love at a time of stress. "He told me he was touching me never told anyone, no one can because he loved me," she said, know if she was sexually abused. And even if she was, be has argued, her father's actions were wrong, she

never told her mother because she was worried about her illness. She said she believed that if she could only keep her father happy and wait until her mother got healthy From ber perspective, having her father killed was the only escape,

the situation would improve. Psychiatrists say abused children, suffering overwhelming guilt because they blame themselves, often continue to seek approval from the abusing parent. The child believes that if be or she behaves better, the abuse will stop. Such children do not ask for belp because they bave no hope that other adults will believe them and have been told that if they tell anyone to keep the family intact.

things will become worse. The abused child develops methods of coping with the abuse that enhances that secrecy and silence. They learn to distance themselves by "blocking" and through the psychological tricks of "depersonalization" and "numbing," removing versity of New Hampshire. themselves psychically from the ex-

At her hearing Miss Pierson described how she put a pillow over her face while being forced to have sexual intercourse with her father. in order to shut out the horror of the experience.

Because abused children learn to cope with the abuse, psychiatrists say, they are often torn between wanting to disclose the abuse and wanting to keep it secret. To tell someone is to admit that they have done something terribly wrong, lice received a tip from someone at and at the same time to risk dethe high school, that the murder stroying what remains of an al-

ready fragile family unit.
"Protecting the parent is the child's way of maintaining hope." said Dr. Alvin Rosenfeld, director It was not only the violence that of psychiatry for the Jewish Child

illness of Miss Pierson's mother, the hearing appeared to indicate

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more than 1.3 million peasants who 1983 constitution, calling for the were overlooked in the 1980 pro- takeover of farms larger than 605 gram and to correct inequities in acres, but families with large holdthe distribution of land, the country's most precious resource among ing their farms. So far, no Phase 2 its 2.5 million rural inhabitants. In a package of 56 laws present-

ed to the National Assembly this summer, Mr. Duarte proposed giving land to 50,000 peasants by cre-Hector Marroquin Arevalo, dean of the University of El Salvador. ating a land bank, stepping up the sale of government-owned lands The rich have more control than and making it easier for peasants to buy and develop land. But with the Land to the Tiller Law, was also the proposals face an uncertain fu-

El Salvador, with 5.6 million "This hasn't been the expected people, is the most densely popneconomie catastrophe and it hasn't lated country in the Western Hemibeen the expected political vic-tory," said the official, who is criti-cal of U.S. policy. sphere, averaging more than 670 people per square mile. Owning a Seven years since the army belped put the first phase of the

> fewer hands than before agrarian reform. The rich have more control.

Wealth is now in

- Hector Marroquin Arevalo, dean of the University of El

dropped more than 20 percent since the 1975-1976 growing seaplot of fertile land is often the difference between surviving and

starving.
"We have beans and rice when no more than 40 percent of the there are any," said Victor Manuel, 47, a landless peasant who lives in a defaulting Mr. Marroquin estimated that 98 percent were in effect bankrupt. The government has remiles (50 kilometers) south of San cooperatives and stretched the re- Salvador. "But I don't often have payment schedule. But a report last enough for beans. So usually it's ar by the Agency for Internation- salt and tortillas."

al Development found that as But few students of the land promany as 95 percent of the cooperagram call the program a fiasco. They note that it gave the governtives were unable to pay interest on their debts, estimated at a total ment a base of support in the countryside, and even even critics of the The land program has been un-

drained support for the guerrillas. The world surplus of agricultural goods and the decline in prices tion experts say, are insufficient technical assistance and the large have harmed the program, said Michael L. Wise in a study last year to compensate the former land-lords. Many farmers say they canfor the Agency for International Development. But he said it was impossible to tell how much of the not afford the fertilizer and insectidecline in output was due to the cides needed to maintain production, creating a cycle of losses that continues to erode their land program.

To destabilize the government by weakening the economy, the guerrillas attacked farms and forced thousands of peasants off their land. About 40 cooperatives in what are called disputed zones have had to be abandoned, agricultural officials said.

Begun in March 1980 by the Christian Democratic-military junta, the program had three stages.
In Phase 1, about 469 farms larger than 1,235 acres (500 bectares).

or 15 percent of the country's agri-

cultural land, were expropriated, with compensation, and turned into 517 cooperatives with about 31,000 member families. Phase 2 called for the takeover of farms of 247 acres to 1,235 acres. It was in many ways the beart of the program, affecting the largest num-ber of farms, 1,700, to be distribut-

ed to 50,000 families. But it was

ings circumvented it by subdividland has been redistributed. "The uncertainty which sur-rounded Phase 2." Mr. Wise con-

cluded, "immeasurably damaged Salvadoran agriculture." The decline was particularly severe in coffee, the main export crop. lowed about 52,000 families to buy the tiny plots they had been work-

ing as tenant farmers or sharecroppers. a total of about 240,000 acres. In total, the program distributed about 782,000 acres, approximately 22 percent of the country's scarce agricultural land, to about 525,000 peasants and their families, an estimated 25 percent of the rural poor, according to a U.S.-funded study published this year.

But by requiring compensation for the original owners, said Mr. Marroquin, the law generated what amounted to windfall profits for the wealthy people who were supposed to shoulder the burden of the economic restructuring. It also saddled the cooperatives with debts that left them unable to compete in the capital markets, land experts and officials said. In addition, many of the cooperatives were illegally stripped by landowners of

their machinery and livestock. "The agrarian reform hasn't solved the agricultural crisis in El Salvador because it hasn't change the way capital is accumulated," said Juan Garcia, a professor of sociology at the University of Central America. The oligarchy is more powerful now. If anything, the reforms aggravated the wide differences in wealth."

## **BUSH:** Walesa Meeting

(Continued from Page 1) ed to make his speech, the Polish program acknowledge that it broadcaster gave an account of the vice president's day focusing entirely on events which the Poles had included in his schedule. Mr. Bush was shown in a white laboratory coat at a Polish television factory and inspecting the royal castle in

the old town. Monday's conflicting imagery crowned a visit in which Mr. Bush and General Jaruzelski were unable to advance U.S.-Polish relations from an enduring impasse over political and economic fundamentals

Commentaries in the Polish press made it clear that General Jaruzelski's government continued to be frustrated by its inability to win U.S. commitments for desperately-needed fresh international economic assistance. "Despite removing artificial barriers, there is no sign of business relations com-ing back to normal," the official PAP press agency said.

Mr. Bush reiterated on television the U.S. position that further economic aid will not be forthcoming until General Jaruzelski initiates additional political reforms. "We violently opposed by the right A ism, we will seek new ways to be ed from Cairo. compromise was inserted into the helpful."

# TRAVEL UPDATE

LONDON (UPI) — The world's airlines will be carrying about two billion passengers a year by the turn of the century, and it will cost tens of billions of dollars to cope with the "significant pressures" that will result, Jane's Airport Equipment said Monday in its sixth edition.

Last year, the 1987-88 edition reported, airlines in the 157 member pations of the International Civil A victime Occasional control of the International Civil A victime Occasional control of the International Civil A victime Occasional control of the International Civil A victime Occasional Civil A victime

Jordan's national airline has tightened inspection of travel documents after a warning from Denmark about illegal immigrants. Denmark told the airline, Royal Jordanian, that it could lose landing rights in Copenhagen unless it stopped carrying refugees without visas. (Reuers)

# GULF: Iran Blamed for New Mines

not changed, nor has our policy,

sponse to reports that the United States was considering pre-emptive strikes against Iranian mine-laying

tile acts, ships laying mines, we will not hesitate to act," he said. The action we took was fully

States had a continuing commercial relationship with Iran.

■ Weinberger Heads Home Mr. Weinberger left for the Unitrecognize that initial steps have ed States on Monday after talks on been taken toward economic re-form and national reconciliation," pledging that Washington would Mr. Bush said. "As you move to-press for a United Nations ban on

on which he also met the leaders of

St. Aegi

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made startlingly clear this spring when Prime Minister Margaret Thatcher of Britain, interviewed on Soviet television, informed viewers for the first time that Moscow was ringed by an anti-ballistic missile system and that the Soviet Union had been the first to deploy medium-range nuclear weapons in Eu-In a speech in Los Angeles last

month. President Ronald Reacan raised Soviet secrecy about military spending as an impediment to developing improved relations and called for more glasnost, or openness, in the Soviet military. Since May, when a West German pilot landed near Red Square and set in motion a major upbeaval in the defense establishment, the Soviet military has moved to reveal some of its long-held secrets. Most Western analysts attribute the slight opening to the shake-up. Earlier this month, a U.S. con-

gressional delegation was taken on Krasnovarsk. This weekend, a group of Western journalists and experts will be taken on a tour of a chemical-weapons production plant on the Volga River.

**Quake Hits South Pacific** United Press International HONOLULU -A strong earthquake and an aftershock struck the South Pacific Island nation of Vanuatu early Monday, but they were not strong enough to generate a tidal wave, scientists said. There were no reports of damage.

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# Manager Property of the Control of t **Aides Deny That Reagan Approved Reported Bid** To Kill Lebanese Sheikh

By David B. Ottaway and Lou Cannon

WORLD BRIEFS

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Washington Post Service WASHINGTON - The White House, reacting to a published account of U.S. involvement in a secret attempt to kill a Lebanese Shiite leader, said Monday that President Ronald Reagan never authorized that or any other assassination attempt.

The president never did, never has and never will anthorize assassinations," said the chief White House spokesman, Marlin Fitz-

Like other Reagan administra-tion spokesmen Monday, Mr. Fitz-water sought to avoid answering questions regarding what the president knew about the activities of the late CIA director, William J.

Mr. Fitzwater refused to be drawn into a discussion of whether Mr. Reagan had signed a national security directive that set in motion actions leading to the assassination

. The questions were based on assertions in a book about Mr. Casey and the CIA by Bob Woodward, The Washington Post's assistant managing editor for investigations. The book says Mr. Casey had arranged privately with the Sandi Arabian intelligence service to as-sassinate Sheikh Mohammed Hussein Fadlallah, who is believed to be the main spiritual leader of the

extremist Shifte group Hezbollah, or Party of God.

The book, "VEIL: The Secret Wars of the CIA, 1981-1987," went

on sale Monday. At the time of the assassination attempt, Mr. Reagan had signed a directive for the CIA to train three five-man Lebanese units to be used in pre-emptive strikes against terrorists, Mr. Woodward writes.

After the agency got cold feet about using the units, Mr. Woodward says, Mr. Casey went "off the books" and arranged for the assas-

sination attempt.
On March 8, 1985, a car bomb

Sheikh Fadlallah lives in Beinut, killing 80 persons and wounding 200. Sheith Fadialish was not hurt. Former and present leaders of the intelligence committees in Congress reacted cautiously Monday to

Mr. Woodward's account of how Mr. Casey had sought to circumvent their panels. Several echoed Senator Patrick J. Leahy, Democrat of Vermont and

former vice chairman of the Senate intelligence committee, who said through an aide that he wanted to read the entire book before making any detailed comment.

Widow Denies Account Earlier, Molly Moore of The Washington Post reported:

Mr. Casey's widow has denied that Mr. Casey admitted on his sickbed that he had known about the diversion of profits from Iran arms sales to aid the Nicaragnan

Sophia Casey said Sunday that when Mr. Woodward tried to visit her hospitalized husband, security guards stopped him before he could enter Mr. Casey's room.

Mr. Woodward reports in the book that during a visit to Mr. Casey's bedside, the CIA director indicated by nodding that he had known about the diversion of the profits to the rebels, known as contras, and explained with two words, "I believed," before falling asleep.

"That is untrue, it's a lie," Mrs. Casey said. "He never got in to see my husband."

She said that either she or her daughter was at Mr. Casey's bedside "every day, every hour, every moment" he was in hospitals in Washington and on Long Island, New York, from December 1986 until his death May 6.

"I stand by everything in the book, including the visit I made to Casey's bospital room when I talked to him as described," Mr. Woodward said Sunday.

Mrs. Casey also disputed assertions in the book that Mr. Casey exploded 50 yards (45 meters) from found Mr. Reagan "strange," the apartment building where "lazy" and "distracted."

# **U.S. Joins Celebration** Of French Revolution

By Irwin Molotsky

New York Tones Service versary of the U.S. Constitution, Americans have joined their oldest manuel de Margerie, the French ally in preparing for the bicchtenni- ambassador to the United States, al of the French Revolution in and Charles McC. Mathias Jr., the

Edgar Faure, chairman of the land.

The structure, about 330 feet built at La Défense, the high-rise office and residential complex west study of human rights. "It is my Eiffel Tower," Mr. Faure, a former president of the National Assem-French Embassy last week.

of human rights, to look forward to national tour. the next 200 years."

ter having marked the 200th anni-nenberg, the publisher and former U.S. ambassador to Britain: Emformer U.S. senator from Mary-

commission planning the Paris cel-ebration, brought to Washington a would be many French bicentennimodel of the huge structure that all events in the United States, inwill be the symbol of the French cluding art exhibitions, concerts

There are tentative plans for (100 meters) on each side, is being French opera by Ted Machover formances of "Valis," a new and Catherine Ikam, in Boston and of Paris, and is dedicated to the study of human rights. It is my

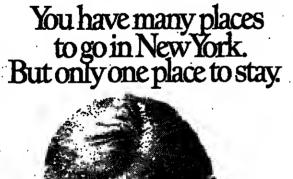
At the reception, the embassy view, commented on "the interamounced the formation of a com- twining of the American and mittee to help plan American activ-fries during the bicentennial. the work of Thomas Jefferson and Among the committee members at-tending were Warren E. Burger, the former chief justice of the United for the American cause.

States and chairman of the continning bicentennial observance of WASHINGTON-Not long af. the Constitution; Walter H. An-

and academic symposia.

bly, said at a reception at the mount a coproduction with the The Houston Grand Opera is to "It will be a good place for hav"It will be a good place for having meetings and receptions in the University of California, Los 1989," he said, "but I want to go further, to establish it as a foundation for the interdisciplinary study lution that might be taken on a

Mr. De Margerie, in an inter-





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The six Democratic candidates for president before a foreign policy debate in Iowa. Left to right, they are: Paul Simon, Bruce Babbitt and Michael S. Dukakis.

# '88 Democrats Clash Over Foreign Policy

By E.J. Dionne Jr.
New York Times Service

DES MOINES, Iowa - The six Democratic candidates for president, who had studiously avoided major disagreements on issues, clashed, at times sharply, over a wide range of foreign policy mat-

ters in a debate here.
In the debate Sunday, sponsored by an Iowa antiwar group, Senator Albert Gore Jr. of Tennessee repeatedly criticized his rivals, saying they had helped to foster the impression that Democrats were against "every single weapons system that has been proposed."

Mr. Gore and Bruce Babbitt, the former governor of Arizona, criticized Representative Richard A. Gephardt of Missouri for proposing a ban on all in-flight testing of ssiles. They argued that such a ban would prevent any modernization of U.S. forces and weaken nuclear deterrence.

that foreign policy issues could divide Democrats in 1988, as they have for years.

The debate, sponsored by the Stop the Arms Race Now Political Action Committee, offered indications of where the various Demo- sage that they "may be able to get of Mexico to the United States. cratic contenders intend to position exactly what they want without giv-

Mr. Gore sought to present him-self as the candidate with the toughest line on the Soviet Union, seeking to occupy some of the ground that Senator Sam Nunn of Georgia would have staked out had he been a candidate.

At the other end of the spectrum. enator Paul Simon of Illinois and the Reverend Jesse L. Jackson clearly were courting the antiwar activists, who play an important role in Democratic primaries and

Governor Michael S. Dukakis of Massachusetts often leaned in the direction of Mr. Simon and Mr.

But Mr. Dukakis, along with Mr. Babbitt and Mr. Gephardt, seemed to be seeking a balance of positions that would appeal to the Democrats' liberal constituency without alienating centrist voters.

The sharpest exchange came when Mr. Simon asked why Mr. Gore had voted for so many weap-The debate offered the first signs one systems, including the MX mis-

> problem we have been facing," Mr. Gore retorted. The Democrats, Mr. Gore charged, sometimes seemed to be sending the Soviets the mesing us anything."

suggestion by Mr. Dukakis that the United States consider withdrawing troops from South Korea.

Mr. Dukakis replied sharply: "The first thing to do is to get your facts straight." Mr. Dukakis said be had only suggested that the United States make clear that it was willing to withdraw its troops from South Korea if the Korean government did not move toward democracy.
"I didn't spend 16 months in

Korea so these generals could deny human and labor rights to the peo-ple of Korea," said Mr. Dukakis, a veteran who served in South Korea in the mid-1950s. Peppered with questions by reporters after the debate, he said that he was not pro- and disagree with some of it." posing a withdrawal of U.S. troops, and that South Korea had been making progress on buman rights

in recent months. Early in the debate, there was general agreement among the contenders oo a broad range of issues. and the candidates frequently exe, changed compliments. Mr. Rabbitt
"The question itself is part of the praised Mr. Dukalos's tough stand against the South African government, and Mr. Dukakis praised Mr. Babbitt for encouraging all the can-

didates to focus oo the importance The consensus among the candidates was especially procounced

Mr. Gephardt accused the Reagan administration of putting "the Constitution of the United States through the shredder" in its Nicaraguan policy. Mr. Babbitt called the administratioo's policy in Nicaragua "a slow-motion Bay of Pigs." Still, even on the Nicaraguan is-

sue, Mr. Gore sought to differentiate himself from the others. After Mr. Simon, Mr. Jacksoo and Mr. Babbitt bad taken forceful positions against the rebels, known as contras, Mr. Gore said: "All of

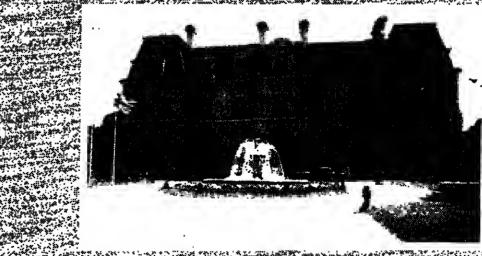
the others have said basically the

same thing, I agree with some of it

While Mr. Gore said that he, too, opposed military aid to the contras, he supported "maintenance" or "humanitarian" aid to the contras while the United States pursued the peace plan advanced by President Oscar Arias Sánchez of Costa Rica,

Zurich.

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# Herald Tribune.

# Concern for the Dollar

Stabilizing the U.S. dollar is going to take more than cheery handshakes and optimistic communiqués at the financial meetings under way bere. Amicable meetings are certainly better than the other kind. But preventing a further fall in the dollar depends, first of all, on interest rates. The American economy is being fueled by a heavy flow of investment from the rest of the world. Without that flow, the dollar sinks like a stone. To keep the foreign money flowing in requires interest rates that are higher than those abroad. To preserve that essential stream of foreign mon-

ey. American interest rates have been rising. Those investors are betting not only on current returns but on the future prospects of the United States. That is wby it was crucial that President Reagan agree to sign the bill that puts the bite back into the Gramm-Rudman-Hollings machinery, Congress's device to force down the budget deficit. He complained bitterly about baying to sign the bill, but the important thing is that he will do it. Had he refused, the financial world, much of which is now gathered in Washington, would have concluded that the United States was giving up the fight against the deficit.

This week's annual meetings of the World Bank and the IMF are the one occasion on

together to talk about the economic policies on which their common prosperity depends. The pressure on the exchange rates, one of this year's key subjects, arises from America's inordinate need for foreign money. Supporting American society in the manner to which it has become accustomed currently requires nearly \$150 billion a year of foreign support. That need arises from the very low U.S. savings rate, which produces not nearly enough capital to finance both private invesument in America and public deficits. That requirement is beginning to decline, but only very slowly. Meanwhile, private investors abroad have begun to back away from the dollar. Without their contributions, it is unlikely that governments can keep ex-change rates at their present levels for long.

The weakness of the dollar is not a matter of technical esoterica, comprehensible only to the experts. It is a reflection of the way Americans, public and private, have come to spend - and to depend on borrowing to keep spending. That has now become a threat not only to their own economy but to the world's. Beneath all the official good cheer at this year's meetings runs more than the customary undercurrent of anxiety.

- THE WASHINGTON POST.

# **Another Nuclear Task**

A Window in Poland

Vice President George Bush's trip to Po- land. There bes his dilemma. He would like

where they were before General Wojciech government there is broad agreement on

ing about almost every arms control topic except nuclear nonproliferation. There may well be opportunities, especially with Pakistan and India. for Washington and Moscow to spend some capital separately and together to curb the spread of nuclear arms.

Pakistan's proposal last week for a bilateral test ban with India would be a good place to start. Pakistan has long made sweeping statements about willingness to enter nonproliferation commitments if India would join in, its proposal gives Moscow an opening for some gentle coaxing of India. Since India has already tested, a moratorium should not be too daunting a prospect. Putting a time limit on it could ease Indian fears about China. Pakistan's initiative also provides the U.S. Congress with a chance to find a solution to a vexing problem: how to renew aid when U.S. law requires a cutoff because of Pakistan's secret nuclear activities.

In another surprise move, South Africa announced last week that it might soon sign the nonproliferation treaty. Whether goaded by attempts to oust it from the International Atomie Energy Agency or by other concerns, Pretoria's interest in the treaty wants encouraging, Getting South Africa's nuclear installations under international safeguard is all the more critical with a new uranium plant soon to come on line.

Israel has taken a new step down the proliferation road with recent tests of an intermediate-range missile apparently de-

land responds to the post-martial-law "nor-

malization" in Warsaw and puts American

ties with the Communist regime back near

Jaruzelski crushed Solidanty. The trip also

sharpens the intertwined choices that both

countries, especially the Poles, must make

The Polish government wants massive

aid in the form of debt relief and new loans

from its Western creditors. (To the Ameri-

can government Warsaw owes \$2.4 billion

of its \$35 billion total debt.) The creditors

ask essentially that the Poles make serious

economic reforms and reduce their still-

great social tensions. But whether the re-

time's reform plans and capabilities meet

the bankers' standards remains to be dem-

onstrated. It is even more uncertain wheth-

er the regime will show the requisite respect

for Solidarity, which, although formally

banned, remains the workers' pride. Re-

form requires austerity, and there is every

reason to believe that the workers simply

will not accept further sacrifices unless their

chosen spokesmen of Solidarity have their

General Januzelski needs Solidarity to give

reform a fair chance, but he shrinks from

granting it a role that unavoidably challenges

Soviet-imposed Communist Party rule in Po-

role recognized and restored.

to carry their relationship forward.

vides an opportunity for the United States to act where it might make a difference.

A polite fiction has long been maintained about Israel's nuclear capabilities, although all doubts were removed last year by the revelations of an Israeli nuclear technician. The Israeli nuclear arsenal is beyond the reach of aid cutoffs. But with U.S. and Soviet negotiators working to ban their intermediate-range missiles, America has some basis to

oppose new Israeli missile programs. Another area of promise is in Brazilian-Argentine competition. Last month Brazil's president visited a highly sensitive Argentine nuclear installation, returning a similar Argentine visit to Brazil.

Not least, new Soviet-American interest in arms control will help to set a proper climate for nonproliferation efforts. Their commitment to reducing nuclear arms was an important symbolic part of the nonproliferation treaty. In particular, their announcement last week that they will resume talks leading to a ban on all nuclear testing represents a step forward. It weakens a favorite rationalization of non-nuclear nations: Why deny themselves what the superpowers so feverishly pursue despite pledges not to?

There is no overarching solution to proliferation. Yet a renewed commitment to nonproliferation from Washington and Moscow, and some cooperation carefully tailored to present opportunities might help.

the credit without the political risk.

ng the current

The U.S. choice is of much more modes

dimensions, but still has its edge. In the U.S.

"normalization" and its need to encourage

reforms that make it a better economic bet

and give a boost to Solidarity. There is a

narrow divergence, however, between the

Treasury Department, whose special respon-

sibility is to see that good money is not

thrown after bad, and the State Department,

which has a special interest in cultivating

Polish autonomy in the Soviet bloc. This

natural bureaucratic tension has given rise to

apprehensions in some American quarters

that the United States is being too tough on

Poland. General Jaruzelski, of course, agrees.

cans, on whom the principal burden rests.

Poland is a country with which the West has

strong historical and sentimental ties, but it

is also a member of the Warsaw Pact. The

government in Warsaw cannot reasonably

expect the West to build nonparticipatory,

anti-democratic socialism in Poland. That

leaves the West with a requirement not to

untie the economic and political strings from

aid to Poland but to tie them and administer

- THE WASHINGTON POST.

them with responsibility and care.

It is the Poles, however, not the Ameri-

-THE NEW YORK TIMES.

# **OPINION**

# Europe After INF: Changes Are Under Way Protection

By Zbigniew Brzezinski one agrees that war in Europe The writer was President Carter's national security adviser. its global security commitments, in- covite empire; any change is detri-

We are at a very special

pregnant with genuine

opportunity for the West

into a state of isolationist anxiety,

and the United States will inevitably

pull back from its forward positions.

tionary process of historical change,

both within Europe and within the two superpowers, has begun to alter

the geopolitical landscape of both

halves of Europe. In the decades

It is not surprising that these grad-

ual changes are inspiring fear within

ahead this process could accelerate.

historical juncture,

to move events in

desirable directions.

is unthinkable, peaceful change b comes the only option. Peaceful change is seldom neat, precise or clear-cut. Even as it generates hope, is can inspire fear and even paradoxical responses. U.S. policies are premised on the expectation of change — on the notion that change is both desirable and inevitable.

The fact is that today Europe is stirring. Signs of peaceful change are increasingly evident at two levels.

First, in both halves of divided

Europe there is a growing political restlessness. In the beart of Europe we can see the emergence of the notion of a Central Europe. Today the average Czechoslovak, Hungarian or Pole openly admits that be feels eloser to the typical Austrian, German or, still further west. Frenchman than to

his eastern neighbors.

Second, the leaders of the two snperpowers are increasingly preoccu-pied with events outside Europe. It is clear that resuscitating the Soviet economy will be Mikhail Gorbachev's principal priority in the years ahead, while the unending war in Afghanistan, now almost eight years long, is becoming an increasingly painful distraction. At stake in Mr. Gorbachev's economic reform efforts is nothing less than the status of the Soviet Union as a first-rank power. Moscow is a superpower solely in the military dimension — and it knows it. If Mr. Gorbachev cannot breathe life into the moribund Soviet economy, by the next century the U.S.S.R.

could lose its superpower status. Potentially at stake in the Soviet-Afghan war is the internal cohesion of the Soviet Union. Already the war has reverberated in the nascent national self-assertion of the non-Russian nations of Central Asia, most evident in the nationalist riots in Alma-Ata late last year. If Mr. Gorbachev fails to resolve the war either militarily or politically, these Moslem peoples - who have more in common with the Afghan freedom fighters than with their Russian imperial overlords - will probably become ever bolder in asserting their legitimate national rights. That must be a disquieting prospect for the Russian leaders of the world's

last surviving multinational empire. Meanwhile, American leaders will have to focus much of their attention on their southern periphery. Potentially at stake in Central America is the capacity of the United States to project its power, and defend Western interests, throughout the world.

For the United States to maintain

cluding those in Europe, it must be mental to the rigid and cohesive free from the burden of mounting a structures which Moscow still seeks in defense of the continental United States. But if the Soviet-Cuban presthe Eastern bloc. But the pluralist West should not share that attitude. ence in Nicaragua destabilizes the Instead policies should seek to move entire region, or especially if regional this change in a constructive direction. instability fuses with a deepening internal socioeconomic crisis in Mexico, the U.S. public will be plunged

It is surely not wishful thinking to observe that a Europe which becomes gradually more independent is tanta-mount to the historical attrition of communism. In Eastern Europe, communism is already finished as an ideology and as a motivating force. No one —literally no one — takes the ideas of communism seriously as a world view or as a guide to action.

I was struck on a recent trip to Hungary and Poland by the evidence that the Soviet Union has lost its ability to instill fear in peoples living on its frontier. While no one harbors any illusion about Soviet military clout, there is a growing feeling that the Soviet army will not be the ultimate determinant of East European history. During that visit I called upon a distinguished dergyman in eastern Po-

land. I wanted to talk about conditions in Poland, but another topic was very much on his mind: What will Russia look like after communism! Even the leaders of Eastern Europe and the Soviet Union know that in

every significant respect they are falling behind the West Average per the Kremlin and prompting a defen-sive attitude on the part of the Mus-roughly half that of the major West

European countries. But even that comparison underestimates the impoverished state of Eastern bloc consumers, whose currencies have little purchasing power in terms of real goods and services. Moreover, there is an increasing disparity in rates of economic growth and productivity between East and West

Western proposals should aim to thin out, perhaps even remove, Soviet main battle tanks from the heart of Europe. By focusing on hardware rather than manpower, NATO proposals might be able to overcome the difficulties that slowed the balanced force reduction talks in Vienna.

Proposals for a tank thin-out or eventual removal should be paralleled by initiatives to engage Eastern Europe in closer East-West economic cooperation, thereby also facilitating the region's desperately needed reforms. Vice President George Bush's current trip to Poland offers a particularly timely opportunity to set in motion a process in which East-West economic initiatives are deliberately related to constructive internal changes. East European leaders know that the

economic recovery of their countries requires both such cooperation and basic reforms. We are thus at a very special historical juncture, pregnant with genuine opportunity for the West to move events in desirable directions. It can do so by fashioning a comprehensive strategy in which conventional arms reductions and wider economic cooperation become mutually reinforcing in their positive political effects.

# An Underlying Uneasiness About Gorbachev

E UROPEANS have reacted with reserve to news of a U.S. Soviet INF agreement. Washington seems to many Europeans to be motivated more by domestie considerations than by Europe's security needs, but there is a resigned conviction that it would be unrealistic for a patchwork of middle-rank powers to try to stop the irresistible coming together of the superpowers.

Beyond the fears that trans-Atlantic links may be weakened, Europeans have a vague sense of entering an unknown world in which both U.S. power and absolute reliance on nuclear deterrence are being questioned.

The impending agreement reflects a growing new realization in Washington and in Moscow of their respective limitations, even a sense of decline. Ronald Reagan badly wants an arms accord. Mikhail Gorbachev needs a diplomatic success abroad to strengthen his backing at home.

The United States is confronted with the inevitable erosion of its economic power and with the realization that the exceptional era of unrivaled U.S. power in the world is now over. This realization may lead America to reduce its political and strategic commitments abroad, while increasing its involvement in international trade,

Some West Europeans look at the decreasing confidence of their protector and the increasing inward turn of their potential enemy as an opportunity to take greater responsibility for their own defense. There have been symbolic es, such as the recent French-German military manervers. Yet many Europeans, rather than rejoicing over this new opportunity, have reacted with fear of a new vulnerability, as if the cold, dark clouds of history were sending shives down their spines. There is an underlying uneasiness about the sincerity of Mr. Gorbachev's smiles. In 1972 the first SALT agreement seemed to confirm

the climate of detente, and to contain a promise of a reduction of the strategic disparity between the medium-sized nuclear powers and the superpowers. Today the reverse is often true. Some Europeans see the coming percement as one that is likely in the long run to reduce the bases both of their security and of their status.

Only by fully confronting their new role in the changing

strategic equation can the Europeans achieve the miracle of turning zeros, double or triple, into a positive value. - Dominique Moisi, associate director of the Institut

# The Defense of Europe Will Remain Trans-Atlantic

By Lord Carrington

The writer is secretary general of the North Atlantic Treaty Organization.

LONDON — An agreement on in-termediate-range nuclear forces between the United States and the Soviet Union will change the landscape of European security quite considerably, perhaps as profoundly as

any development in a generation, There is no small irony in recognizing that future European security will in large measure depend on decisions made in Washington and Moscow. Although Washington takes an infinthis is a bittersweet fact of life and history that not a few eminent Europeans have regretted. But nostalgia will lead us nowhere. We had best simply acknowledge that European security is Atlantic security and get on

with it - indeed, be thankful for it. . An INF agreement would be a historic achievement that we should welcome. It could bring immense im-provement in East-West relations and I bope presage further progress in arms control. But there is also room for skepticism about Mikhail

Gorbachev's foreign policy goals. Forecasts of Soviet intentions run two ways: toward greater détente on the one band; toward seducing us in the West, siren-like, into dropping our guard, on the other. An atmosphere improved by an INF agreement should give us wider scope to test Soviet intentions against conduct and to see whethal East-West relations, because arms we can move into less confrontation- euphoria push us toward some mythical control is or should be only one aspect of a wider detente process. But it could also be a test of our own

euphoria at the first sign of an arms agreement. We have yet to see lions In a less nuclear world. Western Europe will

resolve, not to be carried away with

need to contribute more to collective security. lying down with lambs or T-72 tanks

being beaten into Ukrainian tractors. Immediately upon an INF treaty, we shall confront the need to main tain stability in Europe during implementation, although I should hope that the most stringent methods of verification fully and honestly employed will take care of that. But temporary vulnerability and perhaps imbalances may arise and could pose risks that we must guard against.

An INF agreement can enhance stability in Europe. But we should not let

non-nuclear niivana, NATO's strategy of flexible response will be as valid after an INF agreement as it is today. And nuclear weapons will remain essential to implementing the strategy. For me to profess otherwise would be unrealistic and irresponsible. For anyone to bestances we can survive without some

nuclear weapons would be naive. Effective deterrence such as we have enjoyed for nearly 40 years does not require a magical number of nuclear weapons. But it will always require a sufficient number and mix of systems, albeit at lower levels than before, to preserve the credibility of the nuclear element in our deterrent posture. Our military commanders must still be able to do their job.

But we shall also have to face up to implications for relations within the alliance. The problem cannot be swept under the carpet, but I do not believe that we are on the slippery slope to decoupling. The tangible manifesta-tion of the American commitment to the defense of Europe is not the intheater missiles but the presence of 326,000 American troops and their dependents. Flesh and blood count for

True, the United States has major Pacific and out-of-area preoccupations these days. But that does not downgrade the importance of Europe or weaken the particular bonds forged by common political, economic and cultural interests. The Americans cannot be indifferent to the security of Western Europe and the need to provide their indispensable contributions to deterrence.

ciple does not mean accepting that the present balance is either right or immutable. This goes for the balance of interests between all nations in a democratic alliance, not just of those be-tween America and Europe. There is room for debate over burden-sharing in its widest definition, whether about resources, force structures, nuclear basing or policies such as alliance priorities over arms control. But it does suggest that answers must be found by

frank discussions within the alliance. We are not at a critical stage today. But there are developments we must look at long and bard. There is the evolution of Soviet defense policy and arms control objectives. New weapons technology in all its forms is another preoccupation, as is what the pundits term "structural disarmament" - the problem of resource constraints and escalating costs. Above all, there is the unprecedented number of arms control discussions and the need for the alliance to have a clear sense of the interrelationships and priorities.

Our overall objective is easily stated: to preserve security and the flexible response strategy at lower levels of forces through mutually advantageous measures of arms control and disarmament. The way forward will require an understanding of a paradox: It is only by showing the determination to maintain deterrent forces that we are able to negotiate a lower level of armaments and exploit to the full the opportunities for a real improvement in East-West relations. In the less nuclear world that we hope may be emerging through an INF agreement. Western Europe will need to contribute kets to foreign competition. Prime more to collective security.

This comment was excerpted by the Los Angeles Times from a recent lec-ture to the Royal Institute of International Affairs in London.

#### Japan Inc. By Giles Merritt BRUSSELS — "The danger is that , if Japan is too clever it will be increasingly despised and shunned by the West. Americans will grow angrier than ever." So wrote Masanori Moritani of the Nomura Research Institute

in a recent essay on the pitfalls of Japan's surging technological strength. More dramatically, be went on: "If

Won't Stop

be an eruption of anger. Fortunately for Japan, starting a war is no casual affair in this nuclear age. Instead, Japan's trading partners may simply decide to wash their hands of Japan." Mr. Moritani's concern is well erounded. Japan's economic strength... and political shortsightedness have put it on a collision course with the

the current trend continues, there will

United States and Europe. The problem, not new, is becoming acute. Most Japanese politicians and business leaders seem oblivious or indifferent to the looming crunch." Years of "last warnings" from Washington and Brussels about Japan's trade practices have blunted their

senses and hilled them into thinking that all Western threats are empty. In the United States and the European Community, meanwhile, political and business leaders give the impression of positively spoiling for a fight. U.S. and European diplomats. who until recently worried about Japanese exports being "diverted" back and forth across the Atlantic by protectionist measures against Japan, now seem careless of such risks. Without actually ganging up on Ja-pan, each knows that the other is also

taking steps to protect itself. The snag is, this is no way to solve the Japanese problem. The West will end up with the worst of both worlds. Protectionist measures against Japan are doomed as practical trade barriers yet they will give the Japanese the moral advantage of being victims.

This is not the first time Japan has confounded the protectionists. Britain rallied its empire at the Imperial Economie Conference at Ottawa in 1932 and devised imperial preferences that amounted to tariffs on Japanese textiles of up to 75 percent. But Japan's prewar exporters barely faltered in their assault on Asian markets, and

today they are just as redoubtable.
It looks as if nothing can stop Japan's automakers, for instance. By 1990 their share of the U.S. market is expected to rise to 36 percent, from 23 percent today. Honda, Nissan and Mazda are so efficient that they have let it be known they will still be able to export profitably in the 1990s even more than abstract deterrent concepts. if the yen hardens considerably. As to sectors such as semiconductors and consumer electronics, Japan's su-

Premacy looks unchallengeable.

The new factor the West has to consider this time around is Japan's economic strength. In the 1930s its. weapon was the crude one of military !.. might. Today its power is much more? subtle and far-reaching, Japan Inc. owns a sizable slice of the globe. 's net overseas assets percent last year to \$180 billion, making it not just exporter to the Western .

world but also creditor. Four of the world's six biggest. banks are Japanese. The Japanese have taken stakes in the brokers Goldman, Sachs and Shearson Lehman Bros., and their U.S. investment? spree is now running at \$4 billion a month, double its 1986 rate. And analysts say that in 1988 the flow of Japanese investments to Wall Street may be \$12 billion a mouth.

Strong-arm tactics against Japan would be likely to backfire against the West in a number of unpleasant ways. Furthermore, measures such as the European Community's rules against 'screwdriver' factories serve more to underline how far Europe has slipped. in terms of competitiveness.

Matsushita, Toshiba, Sharp, Brother, Silver Reed and Canon, it is charged, are using factories in Europe to dodge EC rules against dumping. An investigation is under way to see if . the companies avoided local manufacturing and merely assembled Japanese-made components for less than, cost. The Japanese reaction is bitter and somewhat puzzled, "Why should our companies bandicap themselves. with higher-cost and lower-technology components from European sup-

pliers?" asked a Japanese banker. Protectionism is not going to belp win the technological struggle against. Japan, and will probably be counterproductive. Japan, on the other hand, seems mulishly determined to ignore. all entreaties to ease its export surges kets to foreign competition. Prime Minister Yasuhiro Nakasone has by all accounts done his best to improve matters, and the chances are slim of his being succeeded next month by an. equally conciliatory leader.

International Herald Tribune.

# Democracy's Model, Not Its Enforcer

# Other Comment

The Dangers of Peacemaking

Any movement of nuclear weapons bringing them in, or taking them out eems fated to make emotions explode. In the present case, a sensible attempt to cull the world's oversupply of these weapons has produced two opposite dangers. For the West, the danger is that the removal of one group of missiles will create a demand for the total denuclearization of Europe, while Russia's non-nuclear superiority remains undiminished: which way lies disaster. For Russia, the danger is that emotions may now switch the other way, so that in the 1990s it finds itself facing a West European army with a German finger on its nuclear trigger. And all this because of an agreement to remove less than a twentieth of the

world's nuclear warheads. Neither overreaction is inevitable. Europe, stay calm: Count, reflect, avoid those rival follies. - The Economist (London).

Both sides made significant concessions for the new Soviet-American arms agreement, though the Soviets appear to have made more simply because they originally took an extreme position as a bargaining tactic. There is little basis to the criticism that the Americans made too many concessions to secure a foreign policy coup before President Reagan's term ends. Compromise is part of any negotiation process. The ltz-Shevardnadze agreement should be seen as only one step toward the ultimate goal of reducing the danger of nuclear war. - Neue Zürcher Zeisung (Zurich).

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By Tom Wicker

N EW YORK — Is there some I missionary sense in which the United States has an obligation to spread democracy throughout the world? A lot of its citizens seem to think so, judging from the re-sponse to a recent column concern-

ing Nicaragna (IHT, Aug. 7).
"The United States." I wrote, "has no historic or God-given mission to bring democracy to other nations; nor does such a purpose justify the overthrow of govern-

"Wrong!" declares Edward Fried-man of Marblehead, Massachusetts, in a passionate letter. The maintenance of freedom is a God-given obligation ... and history has shown that those who refuse to fight for freedom soon lose it." Steven Eber of Coral Gables.

Florida, advises me to "study the ideological foundations underlying the Monroe Doctrine and bow the United States was, indeed, the natural defender of democracy and freedom in the New World."

Most respondents accused me of a double standard; thus Roger Hernandez of Upper Montclair, New Jersey, said that I had exposed an "inability to think beyond kneejerk reactions" because my "sup-port for sanctions against dictator-ships such as exist in Chile and South Africa" contradicted my

statement cited above.

To the last point first: It is wrong that I ever have asked for sanctions or any other action against Chile. I despise the Pinochet regime and deeply oppose any U.S. action that would support or prolong it; but I do not advocate and would oppose U.S. efforts to overthrow or "destabilize" that government.

My view that the United States has no mission to spread democracy holds as strongly for Chile - or South Korea, or South Africa, or the countries of Eastern Europe, or China — as for Nicaragoa.

I did advocate sanctions against South Africa, when Congress considered the matter. But I stated that I did not believe sanctions would have any serious effect on the course of events there, and should be applied by the United States only because they would express American disap-proval of apartheid. But expressing disapproval is a far cry from active efforts to overthrow a government or hange a nation's internal political

system, however hateful. As for the Monroe Doctrine, nothing in it or its "ideological foundations" gives the United States a mission to spread democracy. It declares rather that "the American continents, by the free and independent condition which they have assumed and maintained. are benceforth not to be considered as subjects for future colonization

by any European powers."

Mr. Eber's view of the United
States as "the natural defender of democracy and freedom in the New World" is confounded by the long history of U.S. military and economic intervention in Latin countries, by such episodes as the overthrow of the Guatemalan government in 1954, and by the long, shabby U.S. record of support for Latin dictators like the Somozas in Nicaragua, Marcos Pérez Jiménez in Venezuela, Fulgencio Batista in Cuba, and so on. The idea of the

Colossus of the North as the defender of their freedoms would make many south of the Rio Gran-

de laugh through their bitterness. Mr. Friedman seems to miss the point. If U.S. citizens were unwilling to fight, actually or politically, for their own freedom, they might indeed lose it. But does that mean they will lose their freedom if they are unwilling to impose democracy on other countries, or to overthrow recognized governments, however repressive or uninently? History has

shown nothing of the kind.

Besides, the "maintenance of freedom" is not what I was talking about U.S. support for a democratic regime that is being attacked or subverted by repressive forces of the left or right might well be justibed if invited — although, as in Vietnam, the "freedom" being de-fended may be minimal and the cost may be astronomical. But even when justified, the "maintenance of freedom" where it exists is not the same thing as overthrowing a government or financing a revolt in order to impose U.S. ideas of de-

mocracy on some other nation.

If the United States has a "mission," it is not to be the arbiter or enforcer of any other nation's political system, but to remain the best example to the world of a democracy confident that the freedom of all its people is its greatest strength. In that way, the great republic that emerged from the Constitution framed in 1787 can hold up a light for the world to see and follow - a dom than any amount of guns and money shipped abroad "in search

of monsters to destroy." The New York Times.

#### IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Turkey for War?

PARIS - [A Herald editorial says:] The Young Turks seem to have been driven mad. Is this the prelude to their destruction? They are certainly endeavoring to create in the Balkans a situation which is pregnant with peril for themselves. It is indisputable that a bad impression bas been made by the Porte's determination to hold army maneuvers in the troubled region. Smoking in a powder magazine would not be a more foolhardly act. lus effect has been immediate. Our correspondent in Sofia telegraphs that the semi-official newspaper of the Bulgarian Government, the Mir, which up to the present has preached peace, refers to the Porte's decision as a provocation," asserts that "under the cover of maneuvers the Turks are mobilizing," and asks: "What do they want?" It seems very much

as though they wanted war.

1937: Speeches in Berlin BERLIN — Peace speeches were made by Premier Benilo Mussolini and Chancellor Adolf Hitler on Ber-, lin's Mayfield this evening [Sept. 28]-before 650,000 spectators. But the peace that Fascist dictators offered.

the world was a Roman peace. Mussolini declared "the Europe of tomor-, row will be Fascist not by our propaganda but by the logical compulsion events." Declaring that the Rome-Berlin axis would stand firm despite intrigues from outside to break it up, Mussolini and Hider made it clear that the object of their entente cordiale was the definitive liquidation of the French Revolution, Democracy and the League of Nations were ridiculed as bitterly as Bolshevism. The Führer and Il Duce served a notice on London and Paris that it was no use hoping to divide the two dictators by playing one against the other.

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Hordable Defense NOVERESS has pumped close t man into the military budg past terr, is: military comm partie to complain that the inescount resources to carry o THE WAST CAN be done is mint pinter should de the state of the means a modern amount of the state of th stanti to the capabilities of is a culturation a resource req m same or expensed programs isas Dalene Initiative sma were ballieus missies, the I case check and V-22 aircraft. bexamuled in favor of less o

mediante alternatives. languantry before quality w great minary strength at less -level Wester Jr., Republication of The New York Time

**OPINION** 

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# Protection The Problem With 'Stealth' The Problem With 'Stealth' The Utides Its Flaws Japan Inc. By William Safire By William Safire By William Safire By William Safire

WASHINGTON — You're a nut leading to cost overruns and delays that who loves driving fast. Your were associated with the older B-1. "fuzz bester" warns that your speeding vehicle is being tracked by a state trooper's radar. What to do?

You stop, hop out and redesign your car. To reduce the radar cross section. you smooth out all sharp corners, conceal all air inlets and exhausts, bury the engine deep within curvaceous ducts, and break off the telephone antenna

Because your metal surface bounces microwaves back to the radar screen, you paint on a carbon-fiber epoxy, or spray on a ferromagnetic material from your stereo's recording tape — either one will soak up the searching waves and interfere with the radar echo.

You rub that glossy plastic covering with grayish dirt to give the surface a non-reflective matte limish. Finally, to jam the local cops higher-frequency radars, you num on your "spoofer" and zoom off.

You'll wind up in jail, but with the satisfaction of being the first in your cell

block to have applied Krasnoyarsk-defying Stealth technology to your car.

Mere mention of the word "stealth" sets off all the recording equipment in the National Security Agency's Big Ear. By what right do I spill America's most intimate defense secrets in this space?

I read it all in Popular Science a year ago, and those guys figured it out from common knowledge and common sense. Moreover, the KGB can get a fix on the status of the Advanced Technology Bomber from reading the quarterly fi-nancial reports issued by Northrop.

Apparently there are big problems with Stealth Northrop recently reported a \$124 million write-down partly be cause it had to apply money formerly cause it had to apply money allocated to production back to research costs. Stockholders in Moscow's Dzerzcosts. Stockhokurs in proceedings to hinsky Square know that this points to hinsky Square know that the same kinds of technical setbacks

Affordable Defense

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Corp

CONGRESS has pumped close to \$2 trillion into the military budget in the last six years, yet military commanders continue to complain that they do not have enough resources to carry out a wartime mission. What can be done?

First, military planners should devise an affordable strategy. That means abandoning outdated ambitions and giving greater weight to the capabilities of our allies in calculating resource require-ments. Second, overpriced programs like the Strategic Defense Initiative, small intercontinental ballistic missiles, the Bradley fighting vehicle and V-22 aircraft, will have to be curtailed in favor of less costly but more effective alternatives.

Placing quantity before quality would yield greater military strength at less cost. - Lowell Weicker Jr., Republican of Connecticut, in The New York Times.

Thanks to a sensible acquisition policy put in place by Cap Weinberger, the financial risk in weapons research is not borne exclusively by the taxpayer. But if Stealth is stumbling now, a scandal may be brewing that will explode in the next president's administration.

We're talking big bucks, mysteriously buried (\$10 billion a year?), as well as fierce internal strategic competition, conducted in what I suspect is unneces-sary secrecy. In the Pentagon, the "star wars" crowd is competing with the Stealth cluster for a share of the budget pie, and both are fighting the conven-tional weaponry set. But because Stealth cannot be openly discussed, the normal public debate about manned aircraft strategy is suppressed.

It is not even admitted that 50 Stealth sircraft are already operational in Nevada. These are not bombers but fighters prodoced in Lockheed's California Skunk Works" (and presumably fueled by Kickapoo Joy Juice). They are called "see-sirs," for CSIRS, "Covert Survivable In-Weather Reconnaissance Strike" air-

of hard to spot them in the rain."

If these F-19 Nighthawk fighters are as "low observable" as the designers hoped, we can expect stealthification to work on the B-2 bombers, too, and the Pentagon will be able to paint cruise missiles with the new invisible ink and

sing "Over the Tacit Rainbow."
But hold on: What if some radarhacking trooper comes up with a new way to rejigger his radar to nab the supersmart speeder who rubs gray dirt on his epoxy finish? Are Americans prudent to bet so much of the budget on a technology that may be quickly countered or overwhelmed? And aren't both superpowers working on super-radars see Stealth missiles

Maybe the B-2 Stealth bomber will turn out to be all it was cracked up to be. But maybe the recent suggestion by Les Aspin, chairman of the House Armed Services Committee, that the subsystems (engines, avionics) be opened to competition is a hint that the bomber of the future is in real trouble.

We do not know. Nor do we know if reliance on manned bombers is slowing "star wars" development or underco ting conventional weaponry. That is what bothers me about the sacrosanct Stealth program, The oversight committees may or may not be doing their job. but thanks to supersecrecy we will not know matil it is too late.

Hold tight to the secrets on the details, but open up the debate about the strategy. America may want to press ahead with military technology during the new détente, but it must not let problems in Stealth creep up on it. The New York Times.

TRAD IRAN KUWAIT, CULF Saudi ARABIA

'Anyhow, we didn't sell them the mines.

# From U2, Music of Purpose and Compassion

WASHINGTON — If you have listened to teen-agers lately — I get the mind-thrill every evening at dinner times three - be comforted, not alarmed, when they speak of rock music in one sentence and Amnesty Interna-

tional in the next. They're U2 kids. U2 is the band from Duhlin whose sixth album, "The Joshua Tree," was at the top of Billboard's chart for nine weeks this spring. In April the four Irish rockers were on the cover of Time magazine. Last week, Bono Hewson, the band's singer and songwriter, was on the front of Rolling Stone, with a 3,000word interview inside. The group is currently touring the United States, playing in 46 stadiums and arenas with ticket sales aiready beyond 1.5 million.

What's it all about? U2 produces music the way Patrick Kavanagh did poetry and Sean O'Casey prose: with a passion that touches the heart and a purpose that mises the mind. The other evening in Robert F. Kennedy Stadium here, 45,000 people assembled for a concert in which U2 sang of Martin Luther King Jr., El Salvador and Northern Ireland.

One of the loudest thunderings of applause came when Bono Hewson spoke of Amnesty International and of his commitment to getting political pris-oners out of the world's jails. Spontane-onsly, two members of the audience came oustage and unfurled a wide banner lettered with one word, AMNESTY and painted with the peace symbol. That evoked another roar of approval.

When kids pile into a car and say they are heading into the night for a rock

By Colman McCarthy

concert, some parents either start phoning other parents to spread the worry ("I just know they'll be smoking pot") or silently thank the members of the antidirty-lyries campaign. There is another option for parents, at least if it's a U2 concert: Go, look and listen. U2 tells the young they owe a debt to life.

U2 echoes the message of Martin Lather King: Be other-centered, not self-centered. Someone in the audiences must

MEANWHILE

be listening. In the year that U2 has made Amnesty International part of the evening, U.S. membership has increased by 100,000, to 265,000. The number of Amnesty chapters in high schools and col-leges has gone from 250 to 510. The band's members do not hype

themselves as world-savers. They are, after all, from a land with irreverence to preaching. "There is a radical side to Christianity that I am attracted to," Bono Hewson says in Rolling Stone. "And I think without a commitment to social justice it is empty. Are they putting money into AIDS research? Are they investing in hospitals so the lame can walk? So the blind can see? Is there a commitment to the poorly fed? Why are people left on the side of the road in the Umted States? Why, in the West, do we spend so much money on extending the arms race instead of wiping out malaria, which could be eradicated given 10 minutes' worth of the world's arms budget?" Some would put that down as the standard line of the utopian left. Some

do not want the young to have their chance at reforming the world. Would U2 buy that line, considering it is part of an industry that gives us the Sex Pistols, Boy George, Twisted Sister and sourpusses like Mick Jagger? "No longer do fans of music run the music

business," Bono Hewson says. "Fans of money run the music business." U2 is distinct, first, because it has worked for a decade — since four teenagers came together in 1978 in a Dublin kitchen - to create hauntingly beautiful sounds and, second, because U2's call to action begins with the inner self. "I'm more interested in ... a revolution of love," Mr. Hewson says. "I believe that if you want to start a revolution, you'd better start [it] in your own home and your own way of thinking and of relating

to the men and women around you." In Washington, a Georgetown University student wrote to a friend about the peaceful experience of last night's U2 concert. With the stadium in total darkness, the night pierced by the lights of thousands of lighters and tens of thousands of voices raised in one song, there was an eeric, peaceful, almost reli-gious sense to it. The song was the refrain to a balled; the audience was singing, not to entice the band into comi back - we knew it wouldn't. We went singing for ourselves

A dreamy idealist? A self-centered college kid? Neither. The Washington Post.

#### LETTERS TO THE EDITOR

#### A Mosaic of Tolerance

I must object to Michael Richardson's report "Ethnic Tension Grows in Malaysia, Especially Among Young" (Sept. 17) for two main reasons. First, in the international context and national perspective. Mr. Richardson paints an alarmist picture of the deterioration of the multiracial situation in Malaysia. Second, the article does not merit frontpage placement, as the events the writer

cribes are quite ordinary, Malaysia, a nation whose people are various races, varied backgrounds and unequal economic standing, is likely to have ongoing debates aimed at achieving the maximum material and spiritual satisfaction for all communiies. Ours is a unique society, a mosaic of siderable tolerance and harmony.

DATUK ISMAIL AMBIA. Ambassador of Malaysia.

#### Savaging' Senator Kennedy

In spending most of his opinion column, "And in the Opposite Corner, a Senator Out of His Depth" (Sept. 22), savaging Senator Edward Kennedy's inelligence and performance during the Robert. Bork confirmation hearings,

William Safire forgets two salient facts: (1) Mr. Kennedy has not been nominatbars for 20 years after the incident at Chappaquiddick. This adds to the irony ed to the Supreme Court, and (2) be was elected to his post by a majority of the voters of Massachusetts, which is more than can be said for Mr. Safire.

SAMUEL C. RICKLESS. Oxford, England.

What a pitiful display of character maranding is Mr. Safire's column on Senator Kennedy. We hadn't witnessed such a tirade since the radical right foamed at the mouth during the senator's 1980 presidential campaign. What is glaringly absent from the column is some intelligible appraisal of the fitness of Judge Robert Bork, which is all that really matters. Please inform Mr. Safire that Senator Kennedy has not yet announced his candidacy for president in 1988, and isn't likely to.

JOSEPH MAKHOLM.

Nothing disgusts me more than to see Senator Kennedy preaching about morals. His statement that there "should be no seat on the Supreme Court for Robert Bock" is replete with gross irony. I would guess that Mr. Kennedy dis-

that Mr. Kennedy thinks he can speak for society's downtrodden people. For the record, I am not a "Kennedy hater." Robert Kennedy was my political idol for many years.

DAVID LIGHTLE

#### Official Au Pair Programs

I am disturbed to find that your classified section frequently carries adver-tisements for an pair positions in America. Except in a very few cases, entry into the United States for this purpose is illegal. The families providing these po-sitions in the United States are not only depriving American citizens and legal residents of paid employment, they are taking advantage of young girls whose "English improvement" often consists solely of conversing with 5-year-olds.
What they receive is not sufficient recompense for their services, and they often do not have the freedom to enjoy the

benefits of a real exchange experience. Two official U.S. government-sanc-tioned programs, "An Pair in America" and "An Pair Homestay U.S.A.," offer likes Mr. Bork because he knows Bork-American host families and European as judge would have locked him behind

au pairs a type of cultural enrichment satisfying to both parties without taking advantage of either. These programs screen both parties and ensure that the U.S. labor market will not be overly hurt. Details are available through the U.S. Information Service.

CAMILLE PISK, Vice Consul. American Consulate General.

# The Correct Interpretation

In the photo caption accompanying a story Sept. 2 about U.S. Senator Bob Dole and President Daniel Ortega Saavedra of Nicaragua, you incorrectly refer to Mr. Ortega's "translator." The lady is his interpreter. Interpreters always work orally. They do for meetings what translators do for books and documents.

RICHARD R. GESTELAND.

#### A 'Speech' Unspoken

In "A Fine Line for Orators Who Use Others' Ideas" (Sept. 22), Clifford D. May writes that "Alexander Hamilton may have had a hand in drafting Washington's farewell speech," Contrary to what many people believe, George Sowing Distrust and Hatred

Washington's "Farewell Address" of

1796 was never delivered by him as a

speech. It was published in a newspaper.

BERNARD SINSHEIMER

Boulogne-Billancourt, France.

#### Many of my relatives perished in the

Holocaust, and this makes me especially sensitive to anti-Semitism, racism and other hateful ideologies. That is why I found Bill Keller's report "Girl in the Photo: Hero or 'Unknown''," (Sept. 16) so painful. Let the Soviets clarify the true identity of the courageous young partisan in the photo.

LOTTE COHEN,

#### They'd Pan That, Too

In "Literary Brat Pack: Young, Brash, Rich" (Sept. 19), the editorial director at The Atlantic Moathly Press asserts that if novelist Jay McInerney had written the St. James Bible ... people would have panned it." But suppose Mr. McInemey had written the King James version of the Bible?

REGAN CHARLES. Levallois-Perret, France.



Beauty is just one of the beau ties of a BMW.

Beauty brings its own rewards. This time round, it's called the "Car Design Award". An accolade jealously presented just once a year. And in 1987, that was to the BMW 7 Series design team.

What impressed the jury most were the pure aesthetics of the functional design and the way they so successfully married uncompromising technology with unblemished beauty.

And, in that respect, it's worth remembering something that's more true today than ever before: any car manufacturer who these days regards design as an end in itself, immediately puts himself in a technology straitiacket. Truly great design always possesses one invisible ingredient: function.

That principle was written into the BMW philosophy from the very beginning. So when BNW engineers and designers are developing a new car, they always have concrete objectives in their minds. The way they achieve these frequently tough and conflicting aims is a creative process where only the perfect combination of drag coefficiency, comfort and personality has a place. The outward appearance of a BMW, therefore, will never be the result of a compromise, but much more frequently of a completely new design route.

But for BMW functional aesthetics are never confined just to the outside. Even the engines, from the very first development stage, are cocreated by the design team. And perhaps that's why so many BMW drivers have this beguiling habit of now and again looking under the bonnet

for no apparent good reason. Except to remind themselves of one of the hidden beauties of their BMW.

The ultimate

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#### Off and Running Before Race Begins, He Awaits Decision From Mitterrand

By James M. Markham Vew York Times Service METZ, France - One of Michel

Rocard's favorite words is "audacity," which may be one way of defining being off and running even before the starting gates have Although the French presidential election will not take place until

late April or early May, Mr. Rocard's friendly countenance, with its creased elfin features and bright brown eyes, has bloomed on campaign posters around the country. He looks, some French commendy president than a "father of the by a stint in colonial Algeria.

Party's dark horse, has been gallop-ing around France trying to win support in a curious "race" in which he is the only campaigner. The predicament confronting Mr. Rocard is that his candidacy has little chance of taking off unless

President François Mitterrand, 70, a fellow Socialist, decides not to seek a second seven-year term. Mr. Mitterrand, never a Rocard fan, is busy playing the lofty roles politician in the country, Mr. Ro-

brace of Mr. Rocard's pragmatic, free-market Socialism have further

paign and blurred his profile. nomically depressed region of Lor-raine, Mr. Rocard said he would Two years late ntter "no disagreeable words" about Mr. Mitterrand.

to regain hope and overcome an rent Fabius, as prime minister.
"apathy" that he contended had While admiring his brillian settled over the country, Mr. Mit-some of his Socialist comrades terrand loomed, in the French phrase, as "le grand absent."

porters in a Metz sports hall, sug- word, is he "presidential"?

gesting without saying so that he represented the future and Mr. Mitterrand the past. He said his goal was "a more dynamic France, a more just France, a more convivial and happy France."

The nimble Mr. Mitterrand has

been in the ambitious Mr. Rocard's path for some time. Their rivalry has been one of the constants of Socialist politics for a decade. The son of a scientist who developed the French atomic bomb, Mr. Rocard graduated into the nation's

elite from the Ecole Nationale d'Administration as an inspector of tators have said, more like a "bud-finances. He was drawn to the left At the left's defeat in the 1978 Mr. Rocard, 57, the Socialist parliamentary elections, he gave a galvanizing and uplifting speech insisting that victory was ultimately possible, overnight, he came to

be portrayed as the party's con-At a party congress in Metz the next year, he urged the Socialists to accept the central role of market

forces in their ideology. Buoyed by opinion polls showing him to be the most popular of statesman and father of the na- card boldly proposed in 1980 to tion while keeping all France guess- run for the presidency the next year ing whether he will run again.

The president's high scores in the bit of impertinence that Mr. Mitif Mr. Mitterrand did not. It was a opinion polls and his belated em- terrand, after winning the election himself, never forgave.

Although Mr. Rocard considcomplicated the challenger's camered himself deserving of the job of prime minister, Mr. Mitterrand In the course of a conversation made him merely minister of state during a swing through the eco- for planning, then minister of agri-

Two years later Mr. Rocard resigned after the president passed him over again to choose a youn-Yet, as he summoned audiences ger, Rocard-style pragmatist, Lan-

While admiring his brilliance, wonder whether the bouncy Mr. Rocard has the imposing solemnity France needs to find a future that the French have come to exagain," Mr. Rocard :old 3,000 suppect from their heads of state. In a



Michel Rocard. implying that he represents the future and Mitterrand the past, tells

supporters that Trance needs to find a future again.'

At a luncheon with notables and Socialist activists in the crossroads town of Raon-l'Etape, Mr. Rocard, jacketless in the heat, fielding ques-tions about local administration, had one foot propped on a chair and an elbow resting on his knee. The casual pose caught the sense of an academician on the campaign trail, one of his most attractive, and

perhaps least presidential, traits. In going after Prime Minister Jacques Chirac's conservatives, Mr. Rocard is developing a campaign theme. It is that since the right won the legislative elections in March 986, France has become a harsh

and heartless place,
"And I say when a man goes out
without the 50 francs necessary to buy two friends a beer, when par-ents walk with their children hesitating to buy them the cake that would please the kids, it is the quality of life that is deteriorating," he says in one of his most applauded ages. "People turn inward, and

# Hungarian Conservative Adapts Easily to 'Glasnost'

Washington Post Service
BUDAPEST — Karoly Grosz

started his work as Hungary's prime minister in June with a bluntly worded promise to shake up the economy. Then he skipped is summer vacation to hold marathoo meetings with experts, pledged loyalty to Moscow with an official visit and returned to flatter Hungarian dissidents in a wideopen press conference.

If this high-profile, high-energy approach evokes the style of the

Soviet leader, Mikhail S. Gorbachev, the resemblance is surely intentional. Mr. Grosz, 57, seems determined to succeed the veteran Communist Party leader. Janos Kadar, 75, and inaugurate Mr. Gorbachev's generation of leadership in Eastern Europe.

"He has had a very dynamic start," said Ivan Berend, the president of the Hungarian Academy of Sciences, "Grosz has made it clear

that he wants to act, he wants to achieve results. And also that be's a very ambitious man." The prime minister's drive may be crucial for Hungary, which is suffering from an economic downturn and increasing public frustra-tion with Mr. Kadar's leadership. Mr. Grosz said that his key task was to restore confidence in the

government even as he introduced

economic austerity measures and

new reforms of socialism. Mr. Grosz's political profile is interesting for what it suggests about the future of Communist leadership in the East bloc under Mr. Gorbachev. All but one of Moscow's six Eastern European allies — the exception is Poland are led by aged Communists generally resistant to Mr. Gorbachev's ideas and style but also presumably

near the end of their careers. Hungary, in Mr. Grosz and his chief rival, the party propaganda chief, Janos Berecz, is providing clues about what the successors may be like. Although Mr. Gorbachev bas nominally renounced heavy-handed Kremlin interference in Eastern European politics, Budapest's contenders are emerging as firm Soviet loyalists who have quickly adopted the new Moscow leader's rhetoric and style.



Karoly Grosz, the prime minister of Hungary.

Mr. Grosz, ironically, had a reputation as an ideological hard-liner before shifting toward the ideas and technique of Mr. Gorbachev's policy of glasnost, or openness. "He's changing his image at such an abrupt rate that it's amazing."

said Miklos Haraszti, a prominent Hungarian dissident writer. "He makes no promises about political reform, but be talks constantly about change in style. By that he means a change from Kadar's style to his version of Gorbachev."

Some aspects of the political process already seem to have changed. While secrecy has dominated choices of past party leaders in Eastern Europe and candidates Mr. Bork "conservative but princihave been difficult to identify beforehand, Budapest's new contenders are more or less openly competing for public and party favor.

past year with interviews, speeches and television appearances.

has a hard road to the top. He will favor of the nomine

have to show that he can lead Hun-however, he was named head of Since June, Mr. Grosz has gary out of its economic crisis and make its reformed version of socialin 1985 a member of the ruling of openness that irreverent Hunism work without undermining the polithuro. party's power.

To achieve that Mr. Grosz will have to be relentless in administering a temporary decline in living standards. "It's not likely that this government will go down in history as one of the most triumphant ones," he said at a press conference. "More likely it will cause lack of sympathy and tensions."

Some Hungarian observers believe that Mr. Grosz may have been picked by Mr. Kadar as an ideal candidate for administering the bitter medicine. Throughout his career, they say, Mr. Grosz has proven tough and savvy in carrying out his tasks, adeptly shifting with political winds but determined to show practical results.

Born in industrial Miskok, Hungary's second-largest city, and trained as a printer, Mr. Grosz first achieved prominence as party secretary for Hungarian radio and television in the 1960s. He moved to the party's propaganda appara-tus in the 1970s. As head of the Agitprop department in the mid-1970s, he was known as a dogmatist, siding with those who stalled and pushed back Hungary's early economic reform program of 1968. In 1979, as reformists began to regain the upper hand, Mr. Grosz was sent back to Miskolc. In 1984,

#### A 2d Top Carter Official **Backs Bork Nomination**

The Associated Press WASHINGTON — Griffin B. Bell, attorney general under President Jimmy Carter. on Monday backed Judge Robert H. Bork for the Supreme Court. Mr. Bell called

Mr. Bell, the second top legal official of the Carter administration to support Bork, rhetorically Both Mr. Grosz and Mr. Berecz asked the Senate Judiciary Comhave assumed a high profile in the mittee: "If we don't get Judge Bork, who will we get?" Mr. Bell's testimony followed last week's ap-Yet if Mr. Kadar's 31-year reign is nearing an end, Mr. Grosz still House counsel, Lloyd N. Cutler, in

Mr. Grosz has moved aggressively to bolster his image among influential intellectuals while seeking to perpetuate his reputation as a mod-

erate populist sympathetic to the concerns of workers. In a meeting with one group of intellectuals, he was critical of his own role in the 1970s and stressed that he now fully supported reforms, a partici-

garian observers dubbed the campaign "Grosznost."

Some suspect, however, that Mr. Grosz's openness does not go fur. ther than such public displays. Both in public and in private, he has been cool or even hostile to. proposals for major political reforms. He has also made it clear that he will not take steps that risk

# Poet Abba Kovner, 69. Dies of Cancer in Israel

NEW YORK - Abba Kovner,

69. a leading Israeli poet and founder of the Brichah movement, which involved the transit of almost 300,000 Jews from Eastern and Central Europe to Palestine after World War II, has died of cancer at his home at the Ein Hahoresh kibbutz in Israel.

Mr. Kovner was born into an Orthodox family on March 14, 1918, in Vilnius, then known as Vilna, now the capital of the Lithuanian Soviet Socialist Republic.

During World War II he organized underground Jewish resistance in the ghetto of Vilnius. After being forced to flee when the Nazis destroyed the ghetto in 1943, he joined other Lithuanian partisans. In July 1944, after leading Jewish sisters in their successful fight alongside Lithuanian partisans against the occupying German Army, Mr. Kovner returned to the

ruins of Vilnius, where more than 40,000 Jews had been killed. After the war he founded the Brichah movement, which organized Jewish emigration to Palestine, and fought in Israel's war of

independence in 1948. In 1946 he moved to Ein Hahoresh, near Tel Aviv, where he built a reputation as one of Israel's foremost poets, evoking the experience of Eastern European Jews during the Holocaust.

Mine," depicts the tragedy of execution and separation of Jowish children during the war.

In his most recent works, Mr. health. A book called "Sloan Kettering" dealt with a stay last year at the Memorial Sloan Kettering Cancer Center in New York, where his larynx was removed.

Norman Luboff, 70, Singer, Composer, Choir Director

BYNUM, North Carolina (UPI) - Norman Luboff, 70, the singer, composer and choral director who led the Norman Luboff Choir and arranged music for Frank Sinatra and Bing Crosby in Hollywood, died at his home here Tuesday of

lung cancer.

He was born in Chicago in 1917
and studied at the University of Chicago, Central College and the American Conservatory. He also studied with the composer Leo Sowerby. He began his career singing and arranging music for radio.

General Golbery do Conto e Sãva, 76. a Brazilian military strategist and an influential political figure for more than three decades, Friday of lung cancer in Sao Paulo. Obie Burnett (O.B.) McClinton, 45, a singer-songwriter who was

one of the few black stars in coun-One book, "Little Sister of oal cancer in Nashville, Tennessee,

# 1887 and all that...

# The Trib's Centennial Ouiz

Hundreds of valuable prizes await participants in the IHT's centennial quiz, focusing on the year of the paper's founding. 1887 is a special year for the International Herald Tribune, for it was on October 4th of that year that James Gordon Bennett, Jr. made journalistic history by launching our news-

paper in Paris. But lots of other significant things happened that year as well -more than you may realize! Because our Centennial is an occasion in which we want to welcome our readers' participation, we have created the following Centennial Quiz, built around events and personalities

of historic significance who, in some special way, are linked to the year 1887. Every person who answers 15 or more of these questions correctly will receive an IHT souvenir in thanks for his or her participation. Those who answer the most questions correctly will be recognized in our pages — and will receive a larger prize. Prizes will include gift books, travel-related luxury goods, and free subscriptions (or prolongations of subscriptions) to the IHT. To spread the prizes geographically, the ten highest scores from each country will qualify as winners with any ties resolved in favor of the earlier entries.

Everyone can enter the contest except International Herald Tribune employees and their families. So fill in the quiz coupon and send it right away. Contest closing date will be October 4, 1987 our actual anniversary date. Correct answers will be printed in the newspaper, along with the names of all the winners.

# Our Questions:

- 1. Begun in 1887, it became two years later the tallest structure the world had ever seen, and remained so for 41 years. What was it, which building did it succeed as the world's tallest, and which finally surpassed it in 1930?
- 2. Which famous literary figure made his first appearance in 1887, and who were the two doctors whom he also helped to 3. On May 8, 1887, a young man was shocked when his brother Alexander was hanged for taking part in a murder conspiracy. As a result, the history of mankind in the twentieth
- century was dramatically changed. What was his name? 4. He was born in 1887, became a revolutionary in 1911, and President of his country in 1928. Though he was regarded as a world leader, he spent the last 26 years of his life on a small island. Who was he?
- 5. Which famous symbol of internationalism was launched in 1887 by Ludwik Zamenhol?
- 6. Which Man for All Seasons became a saint in 1887?
- 7. Born in 1887 as William Henry Pratt, the son of a memher of the Indian Salt Revenue Service, he spent much of his life in America where he became world famous under another name, and eventually retired to Sussex, England, to watch cricket before his death in 1969. How is he better known?
- 8. Which chemistry professor at a military academy of medicine died at a party in 1887, leaving an unfinished opera?

- Which British citizen, born in 1887 the son of an Irish bishop, commanded the U.S. First Army (among other units)
- 10. In 1887, this man won public acclaim in Vienna for something which had nothing to do with politics, even though he later became Prime Minister of a European country. He had a farm in California and died in New York in 1941.
- 11. On July 8. 1887, a world-famous novelist attended a concert given by his children and wept at Beethoven's music. This later inspired him to write one of his best-known stories. Who is the novelist and what was the story's name?
- 12. In 1887, a composer produced his tragic masterpiece. Sixteen years earlier he had been commissioned to compose a similar musical work to celebrate a feat of engineering. It was given its premiere in Africa. What were the two works? 13. Born in 1887, he became famous as a scientist and inter-

national civil servant, but he was often overshadowed by his

brother who died on the same day as President Kennedy.

14. In 1886 an unknown young painter arrived in Paris to see the last exhibition of the impressionists of which he wrote, "when one sees them for the first time one is very much disappointed and thinks they are ugly, sloppily and badly painted, badly drawn and of a poor color, everything that is miserable."

But in 1887, under their influence, he completely changed his own approach to painting and discovered the new style which after his death three years later was to make him world famous.

15. What was first set up by a group of French and British naval officers in 1887, and later became known as Xanatu? 16. It originally came from England in 1851 and almost im-

mediately went to America. In 1887 it was moved to the place where it remained until 1983 — when to everyone's surprise. it suddently went off half way round the world. What is it?

17. A scandal over an illegitimate child had not stood in the way of his success two years earlier — but his marriage to a 22-year old girl in 1886 did prevent his repeating his success two years later. Four years after that, he had a third chance. Who and what was he in 1887?

18. Which colonial country was formed in 1887, allied to Germany in 1940, liberated by the British in 1945 and divided, and only again came under the same rule in the late

19. Born in Switzerland in 1887, he became world-famous under a pseudonym which means "crow-like" and spent much of his life drawing up plans for the rebuilding of Paris, Rio de Janeiro and other major cities, none of which were ever carried out. He did, however, design one of the best known buildings in New York. Who was he?

20. 1887 was the year a novel Swiss invention was first manufactured in Germany. Esthetic and practical for men and wom-

en, the invention's application is external though rarely visible. It took many years to become popular. Can you name the 21. In 1887 a legendary American had his show on the road

in England and Europe delighting audiences with a kind of U.S. life that would later be popularized in Hollywood. Who was be? 22. 1887 marked the birth of a celebrated English writer of

poetry and prose whose very close family relation with two other writers produced a fashionable movement of literary thought and style. Who was this titled writer?

23. He was born in 1887 in Pennsylvania but later became governor of another state. As the Republican candidate for President of the United States, he ran unsuccessfully against one of America's better known presidents. Who was be?

24. In 1887 he was working in the New York Customs House and writing a book of poems called John Marrand Other Sailors -although the work that has made him world famous had already been published 35 years earlier. Who was he?

25. In 1874, the eccentric owner of a major New York newspaper moved permanently to Paris. Tradition says that, 18 years later, the sound of a bird in the night convinced him to found a newspaper in Paris. Today, 100 years later, that paper is still publishing. Who was its founder, what was the new paper's full original name, and what was the bird whose nocturnal song was instrumental in its founding?

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Buffer Betreif auf ein feine Wirterland Monday that he was a liftical conseback, adding new draliftical conseback, adding new dramat to South Korea's first genuine
presidential election in 16 years.
Kim Jong Pil, stopped short of
formally announcing his candidatoy. But, before 3,000 cheering supporters lotting balloons decorated
with his bespectacled likeness, the

with his bespectacled likeness, the with his bespectacled likeness, the former prime minister announced formation of a new political party and made his intentions clear. formation of an and made his intentions clear.

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and made his intentions clear.

"I am going to bare my soul to

the people," Mr. Kim Jong Pil, 61.

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"I am soing to bare my soul to

the people," Mr. Kim Jong Pil, 61.

"I am soing to bare my soul to

the people," Mr. Kim Jong Pil's candidacy is

Mr. Kim Jong Pil's candidacy is

Mr. Kim Jong Pil's candidacy is unique of the viewed as a decided longshot, but

the ruling party candidate, Roh Tae Woo, to deny him victory. Since he was humiliated by Mr. Roh and the other relatively junior officers who took power in a 1980 coup, Kim Jong Pil has been the

"third Kim" of Korean politics far less a presence than opposition leaders Kim Dae Jung and Kim Young Sam. But as a lieutenant colonel in 1961. Kim Jone Pil in 1961, Kim Jong Pil helped engineer an earlier coup that brought Park Chung Hee to power - and then served as Mr. Park's second-in-command for nearly two decades. The two other Kims have been

jockeying for leadership of the opposition movement since widespread demonstrations in June forced the government to agree to direct presidential elections, now set for December. They are scheduled to meet again Tuesday, having promised to units behind a single candidate by this week.



Kim Jong Pil announced his political comeback before a rally of 3,000 supporters Monday.

all three Kims and Mr. Roh as Kim Jong Pil also created the Demcandidates, a scenario too complex ocratic Republican Party, which

corps, including then-general Roh, took power in a coup and de-nounced Kim Jong Pil for alleged

Kim Jong Pil was forced to hand over \$36 million, which he said came from legitimate party funds but which the Chun regime called ill-gotten wealth. He was banned

# Iran Executes 'Corrupt' Associate Of Khomeini's Chosen Successor

New York Times Service MANAMA, Bahrain - A Shiite Moslem who was an associate of Ayatollah Ruhollah Khomeini's signated successor was executed by a firing squad in Tehran on

Mehdi Hashemi, who was shot at dawn, had been caught up in politi-cal infighting linked to the revelation of the secret American arms deals to Iran.

The official Tehran Radio reported that he had been convicted in a three-day trial in August of being "corrupt on the earth," the most serious possible charge in Iran's Islamic theocracy, with specific counts of murder, kidnapping, plotting to overthrow the regin

and smuggling arms.
But until his downfall and arrest. in October, Mr. Hashemi had directed the personal office of Aya-tollah Hussein Ali Montazeri, Aya-tollah Khomein's personal choice as his successor in the unique post of supreme religious guide. In the Shiite theocracy of Iran,

where religion and politics are one, the leadership position is a kind of stand-in for the twelfth, or hidden, mam, who disappeared in the ninth century and is someday to return as a redeemer. Mr. Hashemi's arrest, conviction

and execution appeared to cast doubt on Ayatollah Montazeri's political future and to strengthen the position of his apparent rival, the powerful speaker of the Mailis.

It was Mr. Rafsanjani who met with American negotiators, includ-ing Lieutenant Colonel Oliver L. North, bearing a cake shaped like a key and other offerings, in an effort to swap arms for the American hostages held in Lebanon. Mr. Hashemi's faction revealed

the meeting to the Lebanese weekly Ash-Shira, leading to the disclosures that have burgeoned into the Iran-contra affair, which has occupied Washington for nearly a year. His execution appeared to indicate Ayatollah Khomeim's support

for — and thus the political tri-umph of — Mr. Raisanjani. Mr. Hashemi's most important duties had been running the World Islamic Movement, a kind of Shiite International, whose goal was to export Iran's Islamic fundamental-

ist revolution. The committee, under the chairmanship of Ayatoliah Montazeri, supported Shiite radicals, principally the Hezboliah, or Party of God, in Lebanon.

The Iranian directorate and its to their personnel going to Africa. anthorities to be linked to such acts

barracks and two U.S. Embassy buildings in Beirut and the kidnapping of Americans in Lebanon. Mr. Hashemi's brother, Hadi, is

a son-in-law of Ayatollah Monta-zeri, in a Middle Eastern society where family relations are the most important political connections,

Mr. Hashemi was also a close associate of Ayatollah Montazeri's son, whose gun-toting ways earned him the nickname of "Ayatollah Ringo" after a popular cowboy

The son, whose followers once staged an armed camp-out at the Tehran airport demanding to be flown to Lebanon, was blown up in

of terrorism as the suicide truck a bombing by opponents of the bombings of the American marine dominant clerical party. The political rivalries in Iran are

now being fought out on complex personal levels, under an overall banner of Shiite Islamic fundamentalism, making such Western conceptions as "radicals" and "moderates" inapplicable.

Thus, while the execution of Mr. Hashemi appeared to strengthen the position of Mr. Rafsanjani. it was difficult to see what practical effect it might have on fran's pol-

The parliamentary speaker has been the main spokesman for Iran's uncompromising war with Iraq and has thus appeared himself mitted to the export of Iran's fundamentalist islamic revolution

# U.S. Imports of Iran Oil **Rise With Gulf Tensions**

By Peter Behr

WASHINGTON - Iran has become the second-largest foreign supplier of crude oil to the United States, the result of a surge of exports this summer that has pumped more than \$700 million into Tehran's economy, according to a new analysis of U.S. oil imports.

The sudden growth of this economic link between Iran and the United States, which coincides with an escalating military and diplomatic confrontation, is documented in U.S. Commerce Department figures cited by John Roberts, a senior adviser at the Middle East Institute in Washington.

"In July the United States imported 19.6 million barrels of Iranian crude oil at a cost of \$359 million," be said. "Only Nigeria supplied more."

The Iranian shipments amounted to more than 11 percent of U.S. oil imports, while payments from U.S. oil companies provided Iran with about one-third of its total oil revenues, Mr. Roberts said.

"Neither side yet seems to appre-ciate the magnitude" of this interdependence "because of the secret ways in which Middle Eastern crude is traded," he said.

Iran's desperate need for revenue to finance its war with Iraq is at the core of its sharp increase in exports. Mr. Roberts said.

Although members of the Organization of Petroleum Exporting Companies had agreed to limit oil. production by following nation-bynation qootas, Iran and several tions.

other Gulf nations broke the agreement and increased their output this summer, said Philip K. Verleger, a visiting fellow at the Institute for International Economics in At the same time, oil buyers

around the world went on a buying spree, said Mr. Verleger and Mr. Roberts, prompted by growing fears of warfare in the Gulf. As tensions with Iran have risen the Reagan administration has

considered an embargo against Iranian goods, particularly oil. But a U.S. embargo on Iranian oil would be little more than symbolic, according to industry ex-

There would be no effect on the oil market, because the Iranian oil would find a home somewhere else," said Mr. Verleger.

However, an embargo would probably force from to cut its oil prices to other buvers, perhaps precipitating another round of pricecutting by OPEC members, he said. Mr. Verleger said Iran might lose its position as a prime U.S. supplier

even if there was no embargo. There are indications that the rush by oil importers to fill inventories is tapering off now, he said.

Italian Leader Visits Boon

Reuters BONN - Prime Minister Gio-

vanni Goria of Italy arrived in West Germany on Monday for talks with Chancellor Helmut Kohl that are expected to focus on the Gulf conflict and East-West rela-

# Politics in South Korea When the state of t The Woo, to deny him victory. The Woo, to deny him victory.

M. SEOUL — Am long in Kores
the most powerful men in Kores
mill be was forced to retire in dis-

Mr. Ann seed of longshot, but as a decided longshot, but as a dominant figure in Korean would be aided by the candidacy of Kim Jong Pil, which would appeal to many of the same conservative to many of the same conservative and came the first director of the Korean Ceno al Intelligence Agency, which eventually became Mr. Park's chief weapon of coantol.

Mr. Ann seed of longshot, but would appeal to many of the same conservative to many of the same conservative and the first director of the Korean Ceno al Intelligence Agency, which eventually became Mr. Park's chief weapon of coantol. Hwan and his allies in the officer from politics mull 1985.

lack adequate plood streeting for the AIDS virus are looking for

ways to protect themselves should

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Wickett, administrative officer of

the National Programs Support of

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William Heyward, chief of interna-

tional activities for AIDS programs

Living Abroad

Lack of AIDS Blood Screening in Some Nations Raises Concern

By Sherry Buchanan

at the Centers for Disease Control depending on the country, region occur, it's not much use to them in Atlanta, Georgia.

By Sherry Buchanan at the Centers for Disease Control depending on the country, region and town in which an emergency anyway."

Treated of allowing neonle to usually make available only to

deal with is the possibility of being in an accident and needing a blood transfusion," he said. "In many lack adequate blood screening for ways to protect themseives snound countries, there is no ability to countries, there is no ability to screen the blood prior to transfu-

the Ramer Olik tion's efforts to assist countries in blood and screening it for and page of the state of the st The land the virus that causes acquired im-In African and Central American countries where there are no the virus man causes and should mune deficiency syndrome should storage facilities for blood, blood is transferred without being tested, soon decrease the risk of catching from the donor to a bag and then to the virus via a blood transfusion in the patient.

In April, WHO began helping Within six months, you will be countries to establish blood storage able to get testing done in most and testing facilities and to train African countries in at least one medical experts. WHO has requests from 91 countries, including 40 in Africa, center in the country," said John

for assistance in setting up screening programs. The organization There are many things one can also has completed 58 initial visits and prepared 50 short-term plans for blood screening. These include ordering the screening equipment and training medical personnel. do in one's own country," said Dr. But the problem remains acute

and will continue to remain acute.

People are asking us to take

The World Health Organization has begun helping countries establish blood storage and testing facilities.

Ludo Muille of the Blood Transfusion Center in Antwerp, Belgium.
"We have to explain to them that they will oever get through cus-toms," he said, "and even if they do, they have to store their blood at 4 degrees centigrade. But if it's in their refrigerator 100 kilometers from where the emergency might

Instead of allowing people to travel with their own blood, transblood from them so they can take it fusion centers in Europe and the with them to Africa," said Dr. United States are selling plasma substitutes, derived from human blood and usually available by prescription. The chemical composi-tion of substitutes differ, and the products can be stored at room temperature for two to five years, depending on the product. Blood, however, has a shelf life of 21 days and must be kept at low tempera-

> Some medical experts argue, however, that it is not practical for everyone to carry plasma around.

Dr. Paul Clarke, medical director of Medical Advisory Services for Travellers Abroad Ltd. at the London School of Hygiene and Tropical Medicine, said: "Plasma substitutes weigh several kilograms. A businessman is oot going to go around carrying a shoulder bag with two kilos of fluid in it."

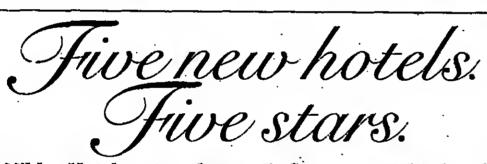
Some embassies and multina-

tional corporations have taken preventive measures, which embassies usually make available only to their nationals and multinationals only to their staff members.

Although not an official govern ment policy, some British, French. West German and U.S. embassies in African and Central American countries list expatriates living in the country who are willing to donate blood to their compatriots.

"These are not necessarily tested people, either, but the risk is much lower," said Dr. Clarke. "That's why we recommend that the person or their colleague get in touch with their consulate in the hope that they would have a list of expatri-ates willing to donate blood."

Medical experts also are advising people to carry a syringe kit to countries where needles may not be sterilized or may not be available. Multinationals such as ICI, the British textile group, and BAT Industries, the British tobacco group, Lebanese and other affiliates are have started distributing such kits believed by Western intelligence



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# China Prepares to Rejuvenate Leadership

By Edward A. Gargan New York Times Service

BEIJING - The clots of shaggyhaired voung men from Xinjiang, who once loitered outside large hotels here changing money, hawking cashmere scarves and brandishing scrolls with painted pandas, are

Petry gamblers running wagers down cramped alleyways, the city's hooligans, even dog owners are under hot pursuit by squads of green-uniformed and plainclothes police.

As thousands of the country's Communist leaders prepare to meet next month to chart the country's future, the capital's authorities are scrubbing away at the city's real and imagined detritus.
The 13th Communist Party con-

gress, scheduled for Oct. 25, will

hring together 5.000 representatives of the 44 million members of

China's Communist Party. They

will ratify decisions already largely made by a handful of senior leaders. led by Deng Xiaoping, ahout the country's economy and polity. Always a city that has strictly controlled who lives here. Beijing police are conducting sweeping identity checks to find people without proper permits. Near the city's 17th-censury assronomical observatory, a raucous labor market for maids and housekeepers - also used hy procurers to recruit prostitutes - was raided and closed re-

young joh seekers out of town.

Dogs. which may be legally owned only hy senior officials and foreigners, have been rounded up and their owners lectured on the virtues of social discipline.

cently. The police ordered the

But beyond the abrupt and highple, have been told almost nothing they will pursue.

said he was a government office course in the coming years, worker who did not belong to the Hong Kong, a city hut a party. "How can we know what will away from falling under this counhappen? They haven't said any- try's rule and one that twitches at thing. There is nothing in the news- every political development in Chipapers. Anyway, what difference na, is awash in rumors about Beiding's future leadership.

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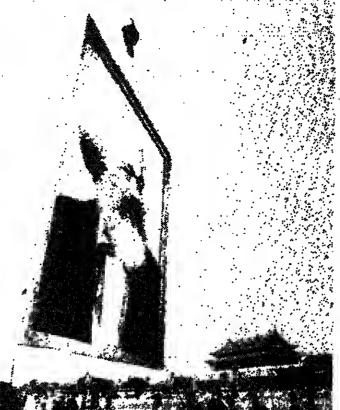
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Karl Marx's portrait was raised Sunday at Beijing's Tiananmen Square in preparation for the Oct. 1 National Day.

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Although Chinese officials have hinted at some personnel changes ly visible pruning of the city's social in meetings with foreigners. Chiwildflowers. Beijing's residents, na's newspapers have been silent and indeed China's I hillion peobeen no articles about wrangling among the country's leaders over meeting expected to name the next the allocation of key positions; no generation of leaders and outline leaks about horse trading hetween the economic and political policies the hard-line Marxists and the more innovation-minded camps: "I don't know what will hap no speculation about the policies pen," said a middle-aged man who that will dictate the country's

Hong Kong, a city hut a decade

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One day, the Hong Kong news-papers lament that hard-line leftists have emerged victorious in a power struggle with younger re-form-minded leaders. A day later, hrows are mopped in inch-high headlines declaring that the "re-formers" have triumphed after all.

In Beijing, the relative indifference of most residents to this political drama, which occurs every five years, is at odds with the energetic discussions among diplomats over the probable composition of China's new leadership.

One Western European diplomat whose knowledge of Chinese politics is particularly acute said Li Peng, a deputy prime minister, had been chosen as the new prime min-

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ister to succeed Zhao Ziyang, Mr. Zhao is expected to be appointed general secretary of the party, despite a publicly expressed reluc-tance to assume the position per-

The choice of Mr. Li, this diplomat suggested, represented something less than a decisive resurgence of the party faction that seeks change. Instead, he said, Mr. Li can be seen as a man generally committed to continuing the changes in China's economy but in a fashion more conciliatory to the

Other Western diplomats in ist that China's most senior leaders men mostly in their late 60s, 70s and 80s — have decided to keep pushing forward with a program of economic initiatives. These programs would move toward some thing more recognizably capitalist.

To this end, these leaders have agreed, according to the diplomats, that a new and younger set of fates will appear in the highest reaches of the Communist Party and govern-

On one matter all diplomats seem to agree - the retirement of Mr. Deng from most of his main posts, including his membership on the party's policy making politibaro. Mr. Deng has repeatedly mentioned to foreign visitors that he intends to resign.

Still, it is widely assumed by dip-lomats that Mr. Deng will remain as chairman of the Central Military Commission. In that post he would still control the army and continue & his dominant influence over party and of the dollar's declinal and government affairs.

Despite the potentially sweeping significance of a shift to a new generation of leaders, many Chinese are inured to politics. Recent conversations on the street virtually never touched on political ques-tions, except to evince skepticism about the government and the par

sorted to a common and cynical aphorism. Referring to the Chinese practice of taking medicine in tea or soup, he said: The soup can be changed, but the medicine remains

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concerns of the old-style Marxists monom who stress the importance of centralized economic planning.

By Ken Ferris

ONDON - The Scan air economies have sur somalers of competitiven ment years due to a com of members wage costs and U.S dellar. Those dev god to a period of fiscal a presented of Denmerk and there accounts back

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By Juris Kaza

OCKHOLM - Nordic : it except for Copeni





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International Herald Tribune Special Financial Report Tuesday, September 29, 1987

# Nordic Finance

Fiscal Austerity

**Economies Lose** Competitive Edge **As Currencies Gain** 

By Ken Ferris

ONDON -- The Scandinavian economies have suffered from a loss of competitiveness in recent years due to a combina-tion of accelerating wage costs and the sharp appreciation of their currencies against the U.S. dollar. Those develop-ments have led to a period of fiscal austerity as the governments of Denmark, Fin-land, Norway and Sweden attempt to bring their external accounts back into

The extent of the dollar's decline from the peak average level it reached in the first quarter of 1985 is reflected in the appreciation of the Finnish markka (36 percent), Norwegian krone (26 percent) and Swedish krona (32 percent) against the U.S. currency. With the region's most important commodity exports, such as forest-related products and oil, priced in ollars, the U.S. currency's slide has hit the domestic value of overseas commodity sales and heightened the need for structural economic adjustments.

However, the use of trade-weighted baskets to determine the external value of these currencies has mitigated the overall impact of dollar depreciation. This is be-cause the dollar's weight in the baskets (9 percent, 11 percent and 23 percent respec-tively) has led to depreciation versus other currencies, such as the Deutsche mark and Japanese yen, thereby helping to stimulate manufactured exports.

In Denmark, the loss of competitiveness has been more marked because of its membership in the European Monetary Sys-tem's (EMS) Exchange Rate Mechanism (ERM). This ties the krone to within 2.25

KEN FERRIS is editor of Euromoney Treasury Report.

TOMEST

percent either side of a 3.81 Danish krone per Deutsche mark central rate and has taken the currency up 37 percent against the dollar from its average value in the first quarter of 1985.

Since October 1982, the Nordic curren cies have held onto their basket pegs, with the exception of a 2 percent mini-devaluation of the Finnish markka in May 1985 and a 12 percent downward adjustment of the Norwegian krone in May last year. This period of relative stability follows a hectic time in the currency markets in 1981 and 1982 when the Finnish, Norwegian and Swedish currencies were subjected to large-scale competitive devaluations.

While there are similarities in the problens facing the Nordic countries, each has its own specific difficulties. Denmark's membership in the EMS means its economic policy is driven by the need to maintain the krone's value in the ERM.

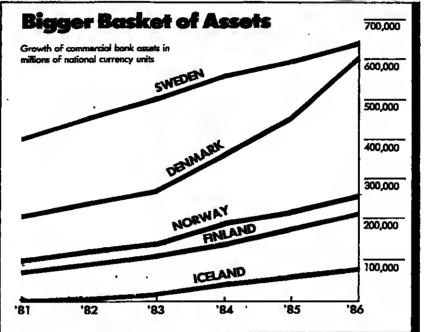
Although the Danish currency held its EMS parity in the Jan. 12 general realignment, a bout of speculative pressure in August before the Sept. 8 general election has pushed the krone to its current position at the bottom of the EMS.

Following the election, which returned a minority non-Socialist coalition headed by Prime Minister Poul Schluter, the krone has recovered and is now trading just below its central rate against the Deutsche mark. It has steaded partly because of the government's determination to preserve the EMS parity as a central plank in its anti-inflation drive.

The government has the support of the opposition Social Democrats and the Organization for Economic Cooperation and Development for its strong currency stance. The OECD's latest report on the economy says it is essential for Denmark to maintain the stable exchange rate policy

Continued on page 11





The dollar's slide has hit the domestic value of overseas commodity sales and increased the need for economic change. Regional Banking

# Deregulation **Spurs Expansion**

By Michael Metcalfe

OPENHAGEN - Nordic banking has come in from the cold. Swept by changes in the financial marketplaces of the countries making up the region, commer-cial banking during 1987 has undergone a

period of rapid reform.

"Far from swimming in a placid financial backwater, the Nordic banks have come into their own, expanding their ser-vices into new areas, such as insurance, brokerage and financial innovation, while steadily extending their networks on the international plain," noted one Danish

Deregulation and liberalization has forced the pace of development. In varying degrees of willingness — or reluctance
— the monetary authorities of Denmark. Finland, Norway and Sweden have rolled back the carpet of foreign exchange con-trols and financial regulations that has covered their respective financial scenes for many decades and thwarted attempts by the private banking community to ex-

pand their activities. In line with trends in the world's financial markets, integration, innovation and internationalization have become the key elements in the corporate strategies of Nordic banks, keenly aware that if they are to expand successfully, they must look elsewhere than just their home bases.

But as expansion abroad has been stepped up, so the domestic banking scene has not lagged far behind. Copenhagen, Helsinki, Oslo and Stockholm have all witnessed the creation of a myriad of new financial instruments and markets, in the process of sharpening the competitive climate and squeezing margins.

Of the five Nordic countries, the pace of

change has been the most rapid in Sweden. where bulwarks of regulation and restriction have been torn down in the past two

MICHAEL METCALFE is a journalist in Copenhagen and a correspondent for Busi-ness International

ly, dismantling controls that have been in existence since World War II.

Finland, too, has not been far behind in overhauling its financial system, and Hel-

sinki banks now have a greater degree of financial latitude than ever before. The only exception has been Denmark, where the relaxation of monetary policy introduced at the end of 1984 came to an abrupt halt in the spring of 1986 and has remained strict ever since. However, Nordie bankers note that Denmark still has the most liberal banking climate in the region with almost all restrictions on capi-

This policy is expected to remain un-changed under the government of Poul Schluter, who was returned as prime minister in elections on Sept. 8.

Norway and Sweden have be catch up, freeing their internal capital and money markets from many of the regulatory controls hampering their expansion,

development or even creation.

They have also opened their doors to foreign bank subsidiaries since 1985 and 1986, respectively, thereby prodding the domestic banks into competing more free-ly in the provision of financial services, as well as stiffening competition in areas such as foreign exchange and stockbrok-

Central to the development of the more liberal Nordic banking environment has been the unwinding of the internal capital and money markets of the respective countries, a trend which for the most part has been actively encouraged, if not always freely sanctioned, by their central banks.

Following the abolition of almost all the existing controls on bank lending in No-vember, the Swedish central bank, the Riksbank, has resorted to increasing the use of open-market operations - rather than fixed credit policy guidelines - to steer monetary developments. In doing so, the Riksbank administers market operations in foreign exchange and trades in short-term paper to regulate bank liquid-ity. In addition, it controls money supply

Continued on page 10

Stock Exchanges

# Bourses Soar, Except in Denmark

Strong domestic investor demand sends markets spiraling

TOCKHOLM — Nordic stock mar-kets, except for Copenhagen, have kets, except for Copenhagen, have been among the strongest in Europe. Share prices in Denmark have risen Share prices in Deamark have risen only about 8 percent this year, while indexes in Oslo and Helsinki are up over 40 percent and over 20 percent in Stockholm.

Propolled by strong domestic investor demand rather than foreign between the proposition of the prop

mand rather than foreign buying, these markets "have gone crazy," said Tim Youngman, an analyst with London's Savory Milln Ltd.
"In the short term, Scandinavia is by far the most interesting area in Europe," Mr. Youngman said. Of the three booming Nordic markets, he called Sweden the strongest despite the low manp in prices compared to its neighbors

low runup in prices compared to its neighbors to the east and west.

"Sweden is looking well underpinned, and there is lots of money that still has to go into the market," he said, referring to high correctional liquidities. there is looking well underpinned, and there is lots of money that still has to go into the market," he said, referring to high corporate and personal liquidity as well as funds that must be invested during the fall by Sweden's controversial wage-earner funds.

Mr. Youngman added

Mr. Youngman added that Volvo's unexpectedly good second-quarter performance had allayed fears about the impact of the low dollar on Swedish exports. The general opinion is that Volvo has seen the worst in terms of

its dollar exposure," he said.
Finland's rise is also fueled largely by domestic factors, which is reassuring to foreign investors burned by some previous bull stam-pedes in Helsinki.

Trading volume more than doubled in 1986 and it has increased significantly in 1987," said Michael Remue, a broker at Oy Bensow AB in Helsinki, "The largest contributing factor is

domestic, a lot of excess liquidity comes to the Finnish analysts also say there is considerable steam left in the market if one buys on

orecast earnings.
"If the present price earnings ratio is around 17 or 18, then based on forecast earnings, it is closer to 13," according to Timo Nikinmaa, an analyst at Unites, the securities trading subsidiary of Union Bank of Finland.

Based on this, and fundamental factors, there should be room for a continued increase in share prices," Mr. Nikinmaa asserted. Mr. Remne of Bensow said that forestry shares and industrial conglomerates, essentially Nokia, were the most attractive Finnish

"In forestry, you have Kymmene, Enzo Gutzeit and United Paper Mills," he said. "Nokia is doing very well, and so are our bank shares. It is hard to find a Finnish company that isn't

In London, Mr. Youngman of Savory Milln is cautions about Finland. "I think you have



Higher company earnings and oil prices fueled boom on Oslo bourse.

seen the best there. There will be a lot of new issues coming. Lots of companies want to be on this market to raise cash," he said.

In Finland, however, analysts look forward to the start-up of the nation's first mutual funds in October to give impetus to the market.
"It will be a positive factor," Mr. Remoe

Mr. Nikinmaa said the fact that smaller companies have gone public has actually helped fuel the market. There is pleaty of liquidity from corporate acquisitions and the sell-offs of privately held companies," he said.

N THE Oslo exchange, the boom is also fed by domestic factors — imalso red by domestic factors — improved earnings by key companies and a firm oil price, according to a recent analysis published by Den norske Creditbank (DnC), the nation shapes factor analysis also note that for Norwegian theory factor are the Onlo Main View Marian

shares listed on the Oslo "Main List," foreigners have bought up shares to the limit that can be held by non-Norwegians, so "they cannot very well constitute the decisive buying push." Recently, a proposal was introduced to raise the limits for foreign ownership of Norwegian

In London, Mr. Youngman said that Oslo "has further upside, but the market is more volatile because of political instability and oil

Mr. Youngman's remarks about politics, made before Norway's recent local elections, proved prophetic. A small rightist protest party made advances at the expense of the country's traditional conservative opposition, the Hoyre Party. This could signal trouble for the Conservatives in forming a stable, non-Socialist coalition should they win national elections

The recent vote in Deamark also saw both the incumbent Conservative coalition and the challengers shaken up. The Social Democratic and Tribune's business pages.

leader, Anker Jorgensen, retired, and Prime Minister Poul Schluter found himself putting together a weaker government with small, single-issue parties able to tip the scales.

"The weak government means an unstable period for the market," said Christian Strandgard, a trader at Privatbanken in Copenhagen. "On top of that, we have had some rather ing half-year corporate results, as

He predicted that Danish shares, if anything, would drift lower in coming months Still, he said the market would then be rather cheap for a selective investor seeking long-term positions in lesser known shares with high

The Privatbanken trader mentioned Sophus Berendsen, which sells industrial automation equipment, and International Service Systems, cleaning and building services group, as two

potentially interesting buys.

The Nordic markets are also opening up to financial innovation. Sweden allowed foreigners to trade stock and index options starting Aug. 1, and Stockholm analysts expect foreign interest in these products to grow this fall.

In Norway, there is discussion of starting options and index options trading along Swed-ish lines, while in Finland, investors have had a lively trade in warrants attached to recent corporate bond issues.

"Warrants work like a kind of option," Mr. Nikinmaa said. "But for the moment, using these for hedging is secondary, the primary motive is to speculate on the underlying value

He said Finnish authorities were also discussing starting options trading and predicted that "there will be more imagination used in constructing corporate finance instruments."

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Continued from page 9

by manipulating the availability of the discounting facilities it pro-

vides to banks. The removal of lending ceilings resulted in a substantial credit expansion by the banks during 1986, with a corresponding reduction in the parallel "gray markets," which had developed during the era of regulation. Swedish banks total borrowing from Riksbank corresponds roughly to their total equity at about 15 billion Swedish kroner (\$2.35 billion), of which 4 billion kroner is borrowed at discount. Thus, the discount rate continues to play an integral, albeit increasingly diminishing, role in shaping domestic credit policy.

This month, there were 12 commercial banks in Sweden with combined assets in excess of 625 billion kroner. They included two merged regional banks, Nordbanken, and a new bank, Sveabanken

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nternational markets.

AB, specializing in small and medium-sized business. If the 13 forign-owned Swedish banking subsidiaries are included in the total, the ranks swell to 24 (two foreign

banks formed a joint subsidiary). Sweden's 230 finance companies provide an important, if not indispensable, source of domestic corporate financing, having developed a special niche in this busi-ness over the past decade. However, their future status has been cast into some doubt and the sector will see some radical changes in its operating climate by the end of this year if the regulatory authorities have their way.

The mid-1980s saw the emergence of a new source of capital, namely the finance departments of Sweden's large corporations. These have set themselves up in much the same way as bankowned finance houses and are now beginning to make themselves felt as a potent force in the field of

Invest-Loan

One such example is the electrical engineering group ASEA, which in just over two years has developed a thriving network of finance-oriented units embracing corporate finance, banking tasks related to loans, foreign exchange and money market operations,

broking and even countertrade. Moreover, a variety of new markets has sprung up, endowing Swedish finance with a wider choice of lending vehicles and instruments. For example, the commercial paper market has developed into a thriving market in the short time since the central bank did away with most interest rate controls and now represents an important source of company financing, with about 150 borrowers already having issued their

own commercial paper programs. As evidence of growing deregu-lation in the Swedish financial markets, a second privately initiated options and futures exchange this year. The exchange, with initial total risk capital of 60 million kroner, is permitted to launch call options on companies as well as share index options.

With the removal of certain interest rate controls in September 1985 and again in June 1987, the Norwegian authorities took major steps forward in deregulating the domestic financial markets, a process that has been under way since the early 1980s.

"The main move in 1985 was suspension of the system of interest rate declarations by the Finance Ministry, whereby the interest rate level on loans from banks and life insurance companies had been administratively set since 1980, and in 1987, the abolition of banks' primary reserve require-ments," noted a Norwegian central bank official.

Interest rates thus were allowed to move more freely, albeit under the premise that money-market and bond interest rates determine the interest rates on short- and long-term loans, respectively.

The authorities, therefore, continue to exert influence on interest rate formation through setting the terms of new issues of government bonds and Treasury certificates as well as through guidelines for Bank of Norway purchases and sales of such paper in the secondary markets.

As of 1987, there were 31 domestic commercial banks in Norway, with combined aggregate as-sets totaling about 350 billion Norwegian kroner (\$53 billion). They included four new banks, the first such new banking houses to be set up in 35 years. Nine foreign-owned subsidiaries have commenced operations. The same banking regulations pertaining to the domestic commercial banks apply to the foreign subsidiaries, and in theory they are permitted to and wholesale banking services.

\* Dining Out-

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faced a serious competitive disadvantage in that they could not engage in capital market (securities) ousiness, raise subordinated loan capital or set up branches. This has now changed for the better, as the government henceforth is allowing all the foreign banks to deal in shares and bonds.

The growing liberalization in the Norwegian financial markets was marked this month by the creation of two official share options markets in Oslo. Sanctioned by the Finance Ministry, the new exchanges were to have an initial total risk capital of about 100 million to 150 million kroner and will be permitted to launch call options on companies as well as share index options and futures

In Denmark, the Copenhagen Bourse is undergoing a period of wrenching reform, including the introduction this year of an electronic trading system to replace the old auction system and the end of the monopoly to trade on the bourse hitherto exercised by 27 licensed brokerage firms.

The net effect of this reform is that the banks and insurance companies are now setting up their own brokerage subsidiaries with the aim of entering the lucrative stockbrokerage and securities

Deregulation has also swept the Finnish financial markets; shortterm money rates have been liberalized and the central bank has altered its basic monetary control instruments; mutual funds were given the go-ahead earlier this year and henceforth nonresidents will be able to hold a greater share in the equity of Finnish firms.

The banks have expanded the range of services they offer, branching out into securities trading and winning experience in relatively new areas, such as corporate paper, large short-term deposits and interbank lending.

bank in the Nordic area. However, Mr. Harrison said there were no such concrete plans, "although in the very long term, it is something to dream about."

allow them to operate more flexibly both on a regional and international scale. Domestically, the far-reaching deregulation is already heating up competition. This has started to affect earnings, which banking sources said were off around 10

Then, profits for major banks were up between 35 percent and 87 percent from 1985, despite a sharp rise in credit write-offs due mainly to financial trouble at Fermenta, the antibiotics maker that

percent in the first four months

from record levels in 1986.

By Juris Kaza

TOCKHOLM -- Swed-

ish banks are looking for-

ward to further liberaliza

tion measures that will

has been plagued by scandal.

The Swedish government recently permitted banks to open foreign branches, backed by the parent bank's capital. Some of the nation's largest banks have al-ready announced plans to open branches in London, New York and the Cayman Islands.

The next step, according to Sven Baakman of the Swedish Banking Association, could be to allow partial foreign ownership of Swedish banks.

According to Per Aake Harrison, first executive vice president of Skandinaviska Enskilda Banken (SE-Banken), such a move would allow the last step of the planned formation of Scandinavian Banking Partners (SBP) by letting Finnish, Danish and Norwegian banks take a share of SE-

Foreigners are now forbidden to own Swedish bank shares and, as a result, bank earnings and the performance of major bank shares have been of little interest outside

Mr. Harrison said that the operating strategy of SBP, to offer a regional network of 1,000 branches linking SE-Banken, Denmark's Privatbanken, Finland's Union Bank of Finland and Norway's Bergen Bank, was already functioning well.

But he admitted that allowing all the partners of SBP to interlock their share capital could be a first step toward an entity that would operate as a single Nordic super-

Some commentators have said that this has always been the intention of SE-Banken, the largest

He said, however, that SBP was

one way to compete against the operations of foreign banks in Sweden and the other Nordic countries. "We avoid having to open branches in our neighboring markets," he said. "At the same time, we have a network. Instead

banken, a securities brokerage, finance and investment companies and the bank's foreign operations In the infant foreign banking

community, members are already monrning their first casualty. France's Banque Paribas annonnced this summer that it was closing its subsidiary bank and reverting to a representative office in Stockholm. This leaves 11 foreign

# 'Margins are falling, so commercial lending is not that interesting.'

of an office in Stockholm, we are represented almost everywhere." According to Mr. Baakman of the Bankers' Association, a government committee reviewing banking law is rumored to be ready to allow up to 15 percent foreign ownership of Swedish banks.

Beyond complying with the original SBP proposal that the partners take, together, a 10 percent share of each other's capital. such a reform would not cause foreign banks to try to buy into Swedish institutions.

Far more interesting, according to Mr. Baakman, is the unresolved issue of reciprocity on opening branches. "Swedish banks internationally are pretty small, so when you open up in New York, you are just one of many," he said.
"But for us, to have a giant like Citibank open a branch, backed by the full capital of the parent is

Mr. Harrison of SE-Banken doesn't see a serious problem. They did business before, ever before they were able to have their own banks here," he remarked. "We as banks would not suffer all that much."

When it comes to corporate lending, Mr. Harrison said that foreign banks were welcome to compete. "Margins are falling, so commercial lending is not that interesting," he said.

Banking sources also say they are watching the formation of the Gota Group, which promises to be Sweden's first financial services

rector of Citibank AB, would not comment on why the French bank closed, but said that most foreign banks in Sweden would have to endure a few years of red figures.

As a hypothetical example, he said that the additional staff and possibilities opened by subsidiary bank status could help Citibani arrange a deal for a Swedish coporation in South America that otherwise might not have been

"We might do a bit here, but the profits from a major financing would end up on the books of, say, Citibank in Argentina," he explained.

In line with the SE-Banken executive's remarks, Mr. Hammerich noted that, "We don't do too much traditional lending, because our best customers are the top 40 or 50 Swedish companies and they are so liquid they don't borrow. Sometimes they go to the market directly with their own financing

The Citibank executive said one of the new bank's strongest specialties was foreign exchange; where it had captured around 3 percent of the Swedish market. That makes us relatively large," he remarked. . "

Mr. Hammerich, a Swede who is a senior member of the foreign banking community - he ran Citibank's representative office before foreign banks were allowed in Sweden - said he expected that other foreign banks would move

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# Consolidating Gains Mixed Performance

ankers Wait Finnish Banks Rally Liberalization On Capital Markets

The Competition much tougher And income page

ELSINKI - After a period of Harden Bar rapid expansion abroad in the early and mid-1980s, major Finnish banks now look forward to consolidating and exploiting their international gains.

"I believe this time in international banking is not one of rapid expansion, but a period where progress will be slower and steadier," said Bo Harald, a first vice presi-dent at Union Bank of Finland (UBF), one of the nation's two large privately owned

commercial banks.

Both Mr. Harald and Jaako Lassila, chairman and chief executive officer of the rival Kansallis Osake Pankki (KOP), believe international capital markets' activi-ties on behalf of Finnish clients will be a major area for expansion and competition.

"There is a lot of securitization going on domestically," Mr. Lassila said. "The capital markets are growing. Equity prices have gone up 60 percent in a year. We are very active in arranging private placements and international syndicated loans for Finnish customers."

Our main international activity now is to place Finnish paper with foreign investors," said Mr. Harald.

The internationalization of Finnish capital markets has occurred against a back-ground of domestic deregulation that has Finnish home market.

UBF's most recent international addition was a subsidiary bank in Paris, which was formally opened earlier this year, although it already started operations in late 1986. According to Mr. Harald, the Paris operation is a sign that UBF believes there will ing Finnish corporate presence in the European Community coun-

"Once Finnish papers get better known, there is the possibility for good growth in investor markets such as the United Kingdom, Germany and the United States," he

world's largest market for placing securities may be Japan, but neither UBF nor KOP, nor any of the other major Nordic banks, is ready to move beyond having a representative office in Tokyo.

"There is an obvious interest in Japan for Finnish paper, but we are working on the hypothesis that our representative office meets our needs there," Mr. Lassila said.

"We opened a representative office in Tokyo because it is an important market to place our own triple-A paper, and we can get pretty good financing out of Japan for our customers, too," Mr. Harald said. But he quickly added, "We don't see upgrading the operation. That is a very tough market." the Nordic regional market, which

market," UBF and KOP are pursuing difcapital, for a board meeting, said that retail nking, the one activity other foreign "The branch network of the partners banks shun, was proving the most success makes it possible to market our cash man-agement and transfer products," Mr. Har-

Finnish immigrant community in Sweden

Besides offering services in Finnish which is not really necessary for many bilin-gual permanent immigrants, both Finnish banks also offered expatriate Finns the chance to have the same bank in Sweden and Finland, where many Finns still have assets and where they retire to after work-

ful for the new bank. The retail side is relatively good, but

Stockholm is a difficult market on the corporate side," he said. KOP and another Finnish bank, OKO Bank, actively promoted retail banking services aimed at the large

The banks, competing for de-clining shares of a shrinking bond and stock market, have seen their

By Michael Metcalfe

financial future, have little to be

According to political and fi-

satisfied about these days.

OPENHAGEN -

profit and interest margins cut and have been compelled to seek earnings elsewhere, such as in stockbroking, insurance, private invest-

Danish Banks Diversify

Danish bankers, looking ment advisary services and back on a year of mixed mergers and acquisitions. business performance The Danish equities market has not had a good year this year, when compared with the recordand forward to a more uncertain breaking performances of other stock markets, including those of National elections on Sept. 8 Norway and Sweden. In addition, produced the worst possible result for the then raling non-Socialist government and Socialist opposi-tion alike — a political stalemate the international trend toward securitization of debt and lending

instruments has made Danish

the bourse relinquished their ex-

with no single block the outright banks more dependent on developments in this sector. For Denmark's 80 commercial This point has been illustrated banks and 150 savings banks, the by the strennous efforts of the prospect of a hung parliament, in which all legislation will be hotly banks to break up the monopoly of trade nn the Copenbagen contested and revised, could not irse. As of this year, the 27 have come at a worse time. stockbroking firms operating on

nancial analysts, the financial clusive right to trade, a privilege community is undergoing a delilong contested by the banks and cate phase of transformation. where the traditional lines separatinsurance companies, which have been obliged in pay commissions ing the activities of banking, brok-ing, insurance and other financial to the brokers. As a result, many of the old brokerages are disappearing, ei-ther merging with the commercial banks or branching into other

services are fast becoming blurred. "With the trend of diversification into other financial sectors fields, such as corporate finance, well under way, a period of political and financial stability to con-solidate banking strategies and to private investment banking services, project financing and portfolio management. build up market shares was in much need but now appears far off," a Danish banker said.

Now, the sole requirement for access to dealing on the stock ex-change will be the creation of a ed liability basis with equity capimillion Danish kroner (\$716,000) quirements concerning capital

as well as compliance with re-Moreover, to keep up with the rapid liberalization in internation-al capital markets, the Copenhagen Bourse began to go electronic

this year, replacing its paper-

based auction system with on-line electronic trading in a selected se-ries of stocks and bonds. However, the banks' success in new lines of business will depend on how the market performs in the postelection environment. According to share analysts, stability

is hardly the word on market-players' lips at the moment. Under Danish accounting regu lations, unrealized gains and losses from securities portfolios are entered fully into the profit and loss accounts during the year in which they occur. Thus in a good year, when bond prices rise, the banks can make huge profits; but in a bad year, when prices

dive, the reverse is true and losses Last year was a bad year. According to Danish Bank Inspectorate figures, the 20 largest banks registered total losses of 917 million kroner, compared with net profits of 7.8 billion kroner in 1985 — a bumper year for bonds.

They were consequently obliged to reduce their loss provisions, to 905 million kroner from 2.3 billion kroner from the previous year.

# Dollar's Decline Hurts Economic Competitiveness

Continued from page 9

first introduced in 1982 to help reduce both inflation and interest rates. However, the OECD warns that, in the

absence of a krone adjustment, "wage re-straint will have to be a fundamental requirement for an extended period" to prevent Demnark from losing an even larger proportion of its export market share.

Denmark's tight fiscal stance, reflected in September's budget plans to reduce the state deficit to 1.6 billion Danish krone (\$229 million) in 1988 from an expected 4 billion Danish krone this year, will help to halve the current account deficit from this year's expected 18 billion Danish kroner.

The external position will also be belped by measures to improve export competitiveness, which the prime minister will present when the coalition reassembles early in October. The 3.2 billion Danish kroner package includes a more lenient tax regime and swifter reimbursement of VAT payments for exporters.

In Norway, the economy is dominated by its dependence on North Sea oil revenue,

of oil price changes is reflected in the kro-ne's recovery this year after a sharp decline in 1986. In real trade-weighted terms, it has appreciated 10 percent since January after

last year's 6 percent decline. The krone came under pressure in the spring of last year when oil price weakness triggered a political crisis that led to the agnation of the Conservative-led coalition and its replacement by a minority La-

bor government. The new prime minister, Gro Harlem Brundtland, was forced to begin her term of office with an austerity package that included a 12 percent devaluation on May 11, 1986. The Norwegian currency has managed to hold onto its trade-weighted basket peg since then, but only at the expense of high domestic interest rates.

Last year's oil price collapse pushed the current account into a \$4.75 billion deficit from a \$3 billion surplus in 1985, and the OECD expects a \$6 billion deficit this year. We are not sure how long we can fi-

nance this kind of imbalance," said Harald Boehm, head of the monetary department at Norges Bank (central bank), earlier this

However, Oslo appears determined to avoid another devaluation because of the inflationary impact of such a move. The government expects inflation to drop to an average 8.5 percent this year and 5 percent in 1988. But in the first quarter, wage costs rose 18 percent to 20 percent and are likely to cause a further erosion of competitive

ald said. "Companies are paying very much

attention to cash management in Finland."
He noted that UBF recently opened a

representative office in Gothenburg, Swe-

den, to look after business in western and

Danish SBP partner, has just opened a representative office in Helsinki. Regarding

the rival strategy of opening a subsidiary in Sweden, Mr. Harald said, "It's very diffi-

Mr. Lassila, who was visiting Kansallis Banken, the KOP subsidiary in the Swedish

cult to be profitable in Stockholm."

m Sweden, while Privatbanken, the

Headquarters of Kansallis Osake Pankki in Helsinki.

The oil price collapse has also affected Finland's external accounts, though the transmission mechanism is through a reduction in trade with the Soviet Union, which accounts for 20 percent of Finnish exports, rather than from a direct reduction in the value of oil exports.

The two countries have a long-standing agreement that their trade should balance. Finland mainly buys oil from the Soviet Union in return for capital goods, so lower oil prices have reduced the value of Soviet exports and, in turn, imports from Finland. That is behind the Etla research institute's forecast that exports to the Soviet Union will fall 20 percent this year.

Etla expects Finland to offset that loss by increasing exports to Western markets by

Etla predicts that consumer prices will

rise 3.5 percent this year and next, which will be above Finland's main trading partners. But the real effective exchange rate has remained remarkably stable since a two-stage 10 percent devaluation in Octo-

Sweden's economy is dominated by for-estry products, which account for about 40 percent of total exports and 12 percent of

The dollar's 23 percent weight has pulled the krona down 20 percent against both the Deutsche mark and the Japanese yen from its average value in the first quarter of 1985. However, Sweden has been unable to take full advantage of krona depreciation because of rapid increases in domestic wage

The Swedish Industry Federation has warned that labor costs are rising too quickly compared with the country's main competitors and is concerned about Sweden's loss of market share in both home and foreign markets last year. However, union caders are expected to call for rises of up to 15 percent to 20 percent next year following June's partial lifting of a five-month-old price freeze, which helped push inflation to 4.3 percent year-on-year in July.



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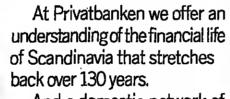
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Swedish joint venture projects include automobile manufacturing in Calcutta.

SWEDFUND, the seven-year-

generator and transformer pro-

gram in Tanzania and a recently

hind it SWEDFUND is now con-

sidering stepping up its activities in Angola, Botswana, Lesotho,

Malawi, Mozambique, Swaziland,

Tanzania, Zambia and Zimbabwe,

the nine member states of the

South African Cooperation Con-

ference. The conference and the

Nordic governments recently

signed joint agreements on greater cooperation within industry, trade

modest. FINNFUND, the Finn-

ish Fund for Industrial Develop-

ment Corporation, although hit by

a temporary slowdown in invest-

ment by Finnish industry abroad,

helped Finnish industry in pro-

jects in Southeast Asia, India and

China last year. Meanwhile, Nor-way's NORAD has concentrated

on projects in Africa and Asia.

HE INVESTMENT ac-

tivity by Finnish enter-

prises in developing

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pened cable plant in Beijing be-

By Christopher Follett

OPENHAGEN -The 1980s have seen considerable increases in project funding activity in the four main Nordic countries - Denmark, Finland, Norway and Sweden. Denmark took the lead in the late 1960s in the setting up of a public development finance institution and today the four countries have bodies acting as contact brokers and financiers for industrial joint ventures.

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In 1982, the Nordic countries authorized their jointly owned bank, the Helsinki-based Nordic Investment Bank (NIB), to grant loans for projects in the Third World, establishing a special Nordic Project Export Fund. This fund supports pre-operational feasibility studies involving a commercial interest from more than one Nordic country.

NIB's total project investment loan agreements and loan commitments amounted to \$415 million at the turn of 1986-87, with an anthorized capital corresponding

1975 and includes locland, grants loans that are carried out jointly by companies and institutions in two or more Nordic countries. There are Nordic and international investment loan programs. At the end of 1986, NIB had entered into international project investment loan agreements involving 25 projects in 18 countries.

In 1986, NIB participated in a World Bank loan for a major bydropower station project in Turkey, involving a number of Nordic countries. Another loan was granted to Turkey and co-financed with Finnish export credits for a mobile

NIB's biggest project invest-ment so far — 243 million Swedish kronor (\$38.2 million) — has been given to the Deutsche Aussenhandelsbank in East Germany for the financing of a turnkey chemical factory for a Swedish consortium. with Denmark, Finland and Norway making subdeliveries.

The bank is also providing an investment loan for a water supply project in Cameroon that will be carried out by a Danish firm, using Danish export credits and co-

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financed by DANIDA, Denmark's developmental aid agency. Other NIB loan commitments include the supply of funds to a port project in Indonesia and a major paper industry project in China.

Last year the Nordic Project Ex-port Fund, which is based in Helsinki, agreed to participate in 42 projects, totaling 11.6 million innish markkaa (\$2.67 million). Major overseas operations receiving support from the fund in recent years have included a woodpulp plant in Venezuela, a garbage disposal project in Saudi Arabia, an energy project in Egypt, a fisheries project in Senegal and a new abattoir complex in Hungary.

Denmark's IFU (Industrialization Fund for Developing Countries) was set up in 1971 to promote investment and joint venture activities in Third World countries, in collaboration with Danish trades and industries. It partici-pated in the initiation of 10 projects in nine, largely African and Asian, countries last year. Three of the countries were Malawi, Bangladesh and Argentina, where IFU has not previously been active.

The current IFU active project portfolio totals about 70 projects. The fund has seen a marked increase in investment activities this year, after recording reduced net profits of 61 million Danish kroner (\$8.6 million) last year.

The growing process of privati-zation in Third World nations is proving to be the impetus for the public development finance institutes of Scandinavia, which all participate along with NIB in the NORDACT group.

"Privatization programs in the field of industry in the developing In a recent report, the Organization for Economic Cooperation and Development praised Den-mark for maintaining its aid to the world, started slowly in the early 1980s ... now they are gaining momentum, giving IFU and its developing world at a rate above sister organizations throughout 0.7 percent of its gross national Scandinavia scope for new activi-ty, notably in West Africa and product and for its plans to inrease its assistance to the Third Latin America," said Jens Lund Soerensen, head of IFU's Iberian-World over the next five years.

Danish developmental aid is French speaking countries' seccurrently around 0.85 percent of GNP. The Folketing, the Danish parliament, has voted to increase aid to the Third World every year old Swedish counterpart to IFU. has an authorized capital of \$40 until 1992, by which time it will million. With a successful joint amount to 1 percent of GNP. venture seed project in Zambia, a

DANIDA, the Danish international development agency, is involved in over 200 projects in about 30 developing nations. The main recipients of Danish aid are Tanzania, Kenya, India and Banladesh, which at present receive about two-thirds of Denmark's developmental aid.

New Danish projects include aid to Alghan refugees, state loans to Zimbabwe, Cameroon and Swaziland and project assistance involving women in agriculture, notably in India.

Joint Nordic aid projects in agriculture and other sectors are under way in south and east Africa, involving DANIDA, FINNIDA, NORAD and SIDA, the developmental agency in Sweden. Women form the largest section of SIDA's most important aid target group — the poorest people in the developing countries.

CHRISTOPHER FOLLETT, a journalist based in Copenhagen, is a correspondent for The Times of London and the Danish State Ra-

# Competitive Pace Blunts Sica, Profit Margins in Norway

# Backlash puts damper on liberalizing trend

Special to the IHT

SLO — Competition, not regulation, has been the keynote tuning banking and finance developments in Norway during 1987. And the melody has been far from easy on the ears of bankers operating here.

Sweeping deregulation, a reversal in economic fortunes and unprecedented growth of financial markets - including the booming Oslo Bourse - and of business volume have sharpened the competitive cli-mate in Norway and limited banks' interest and

"Traditional market forces - long the accepted pattern of doing business in financial centers such as London, New York, Frankfurt and Zurich - are new to the Oslo scene and the players have had a job on their hands just to cope and keep up with the chang-ing situation," said one senior Norwegian banker. The domestic capital market has become less re-

stricted in past months and recent measures are helping to loosen the reins of central bank control and create a more flexible and liberal financing

But there has been a backlash to the liberalizing trend. Currently, the central bank (Norges Bank) and government authorities are using a variety of interest rate instruments and open market operations to control credit, setting annual recommended targets

Both domestic liquidity-supply and money-supply growth in 1986 tapered off from their high 1985 levels. Curbing this potentially explosive trend was a series of measures aimed at slowing the strong growth in credit and liquidity.

"The measures were mainly directed toward the supply side of the market, but they also forced a sizable increase in banks' lending rates," noted another Oslo banker. The government followed up these measures by lowering the annual lending target for commercial banks in 1986 and 1987 by 5 billion Norwegian kroner (\$751 million) to 19 billion Nor-

In the effort to curb bank lending, banks exceeding the prescribed lending limits are now required to deposit a minimum of 15 percent of their primary reserves in non-interest-bearing accounts with the

During 1987, domestic interest rate levels have remained extremely high. Domestic money market rates went as high as 20 percent to 25 percent at the end of 1986 but have since fallen to levels closer to 15 percent. The higher lending rates, currently the highest in the 24 OECD member countries, were clearly aimed at curbing demand. Following a sharp rise during the first half of this year, the rate of growth in total lending by commercial banks and savings banks to municipalities, businesses and wage earners has leveled out but still exceeds the government's 19

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again try to curb excessive lending through a dust policy of lending catings and prescribed penalties for commercial banks," said a Finance Ministry official.

To reinforce the trend toward a more open market, policy, however, the Norges Bank decided to abolish is discount rate as of the start of 1987 because ad stood at 2 facility had more or less fallen into disme. The rate had stood at 8 percent since June 6, 1983, and applied only to the minimum portion of credit given to any one bank, while for amounts above this level, the banks had paid a correspondingly higher interest rate. of up to 15 percent annually.

By this month, interest rates in the short-ferm money market stood at a high 15 percent, and projections indicate the government's austerity program will keep the liquidity situation tight through 1987

The most important credit restriction up to 1987 was the raising of the banks' primary reserve require: ments to reduce liquidity and curtail lending. However er, the primary reserve requirement ratio for both commercial and savings banks (which stood at 3 percent in December 1986) was abolished as of June 3. . 1987, while the ratio for finance companies was cur from 14 percent to 9 percent.

Commercial and savings banks have automatic access to loan facilities at the central bank, the socalled "D" (daily) borrowing facility, at interest rates depending on the prevailing level of liquidity. The period is limited to a fixed percentage of the banks total assets. If a bank needs even more funds, it may use the central bank's overdraft facilities, but at a proportionately higher interest rate.

Since 1984, foreign banks have been allowed to set up subsidiaries in Norway, and seven of 10 foreign banks applying were given permission to do so in 1985, followed by two others in 1986. These units are subject to domestic banking, credit and foreign exchange controls. Thus far, these banks have found the going hard.

and all posted losses in 1986.

The picture is changing, however. Hitherto denied: the opportunity to compete on an equal footing with domestic Norwegian banks, by not being allowed to engage in capital market (securities) business, raise subordinated loan capital or set up full branches, the government is now allowing all the foreign banks to deal in shares and bonds.

"The foreign banks are holding their own by cater ing mainly to Norwegian firms operating accounts in foreign currencies and raising capital abroad. In addition, they perform services for government agencies and larger municipalities that borrow overseas, said a foreign banker here.

The foreign banks that have set up subsidiaries so far are Citibank, Chase Manhattan and Manufacturers Hanover of the United States, Indosuez, Paribas and Banque Nationale de Paris of France, Samuel Montagn of Britain and two Swedish-owned banking

The 31 domestic commercial banks in Norway, with combined aggregate assets totaling about 350 billion Norwegian kroner, include four new banks, the first such new banking houses to be set up in 35 years, and evidence that the Oslo banking scene is far

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# **Iceland Puts Brakes on Expansion**

By Bernard Scudder

EYKJAVIK - Bankfirst, still-unresolved first, sun-uncerland's broad three-party coalition this August, only weeks into its

While only involving a party political squabble over who should buy the state's majority holding in the Fisheries Bank, the clash still illustrates the near-revolution in Icelandic financial thinking over the past five years. Before, directly or indirectly, the government de- where total lending and deposits

ing mechanism could function effectively, and not vice versa.

Massive overlending to a shipthe Fisheries Bank to the brink of bankrupicy. Mergers were considered, and still are, not only to rescue the Fisheries Bank but also to rationalize a sector in which the state owns three competing banks, the private sector three others and the Cooperative Movement one -

all in a country of 250,000 people.

The giant of Icelandic banking is the state-owned National Bank, with over 40 percent of the market

of the country's finance legislation. Interest rates were deregulated, a fledgling stock market and financial service sector put into operation, and restrictions on for-eign investment eased. Credit rationing for political reasons was replaced, if not yet by the concept of investment credibility, then at least by the mechanism for effect-

Dependent on fisheries for around four-fifths of its export

were roughly \$1 billion each last earnings - \$860 million in 1986 During its four-year term, the most volatile in Europe. Inflation, center-right coalition that fell in measuring 80 percent in 1983, was Iceland also clocked up 6.2 percent growth in GDP.

The problem facing the new government is having too much of a good thing. The economy, cautions the National Economic Institute, is in serious danger of: overheating.

While record fish catches and low oil prices have rekindled the economy, it is the Treasury that has fauned the flames. The budget. deficit is forecast to reach \$68 million this year.

New Social Democratic Fi-

nance Minister Jon Baldvin Hannibalsson has already brought forward the government's original three-year outline to balance the budget by one year. Mr. Hannibalsson apparently intends a financial double strike, to put the brakes on overexpansion and bring excess money into the Trea-sury coffers for safekeeping at the same time.

ame time.

Measures so far include a 3 percent levy on new foreign borrow-fing and raising interest on Treasury bonds to an annual 72 if percent above the inflation index. Deregulation of banks' interest. rates has led to cutthroat competition for investors, and the Tres-z sury has suffered the most so far. Despite its latest use, the Treasury is bond yield to investors is still on it

the low side.
Third World-scale foreign debt has been a major drain on resources for reinvestment. Peaking at 62 percent of GDP in 1984, houtstanding foreign obligations are now expected to dip below 40 percent this year, although this is more due to luck than good management. Loans from abroad are woverwhelmingly denominated in a dwindling dollars, and GDP has a skyrocketed.

Under more liberal finance leg-islation, leasing seems set to estab-lish a new pattern for mature for eign borrowing. With traditional loclandic all-or-nothingness, leasing's climb has been meteoric; ing's climb has been meteoric; ing's climb has been meteoric; in year of leasing, reached a conservative \$37 million, with over half held by the pioneer Glitnir, which is owned by the Industrial Bank of Iceland, Nevi of Norway and

With three other firms playing the field, including Lind, which is owned by the Cooperative Move ment and Banque Indo-Suez, vol-ume this year should more than double, and leasing will then fr nance one-fifth of total national industrial investment.

BERNARD SCUDDER is assistant editor of the English-language.
News from Iceland and Iceland Re-

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# Sins in Norwal By Andrew L. Yarrow said Leo Brandy, who is the author of "The Frenzy of Remova," a said Leo Brandy, who is the author of "The Frenzy of Remova," a term on the ABC program "20-20," They are all the force that, Rice was being the Rice, as well as to Hall and Hall and

By Andrew L. Yarrow out of said

New York Times Service

Service

Lew York — They are all young and attractive — three women catapulted into the lime-light because of their associations of with three of the male heroes or villains of the summer of 1987.

Beyond these superficial similarities, Donna Rice, Fawn Hall and Jessica Halm have little in common other than an apparent desire to cash in on their experiences, relationships and good looks in what has become the standard currency of celebrity: movie, book and televise deals, commercials, magahas become the standard currency of celebrity: movie, book and tele-

has become the standard caused of the vision deals, commercials, magazine stories and television talkshow appearances.

Rice, 29, the Miami model and actress whose reported two weekendswith Gary Hart led to the demise of his presidential candidacy, has gathered an assemblage of career advisers and currently can be seen in several clothing commercials. Hahn, 28, a former church secretary from West Babylon, New York; who said in an interview in the November issue of Playboy time Bakker, the television York, who said in an interview in the November issue of Playboy that Jim Bakker, the television evangelist, and an associate forced that Jim Barker,
evangelist, and an associate forced a
her to have sex with them, posed
topless and will be making the
rounds of the talk shows. Hall, 28,
the former secretary to Lieutenant
Colonel Oliver L. North, who testified that she assisted him in shredding and altering National Security
of the state of th fied that she assisted him in shreading and altering National Security Council documents but made it cally involved, recently signed with the William Morris Agency.

Fame is transfiguring; it makes

"Fame is transfiguring it makes and famous?"

"The Greek root of 'fame' means to be talked about," he continued. "But in our world, we define fame as to be seen. There's an urge to visibility in American society. And to be seen, you have to be in movies, television or magazines."

"Elizabeth Taylor said it best," said Steven M.L. Aronson, author of "Hype," a 1983 book about the manufacturing of famous personalities. "Success is the best perfume."
"It's certainly an established tra-

dition for society to be interested in the mysterious woman behind the mau's downfall," said Susan Brownmiller, the author of "Femi-minity" and "Against Our Will." But it absolutely couldn't have happened if they hadn't been in their 20s, white and blond, and it

couldn't have happened to a man."
"People are fascinated with the dark side of the public man," Brandy said. "And, because in America the nature of celebrity has a lot do with the idea that anyone can make it, these women are appealing because they're bridges between the world of the normal and the world of the famous."

Public perceptions of the three women appear to be tinged with ambivalence. As Aronson said: crime or sin. But for the girls, the question is do you want to be poor.

owner of a Washington modeling and casting agency and a friend of Fawn Hall, who has described herself as Rice's "crisis manager." She also has two Hollywood agents, a book agent, an mierim manager and a lawyer, Thomas W. McAiley, who is representing her concerning

photos that have been published." On Sept. 8, Rice began appearing in two 15-second television commercials promoting a line of clothing called No Excuses. The ads contain an unmistakable reference to her relationship with Hart:
"I make no excuses," she says. "I only wear them." The first of many similar magazine advertisements are due in November.

Ray Manzella, a manager, said that he had discussions on behalf of Rice with Liz Nickles, an anthor, about co-writing her autobiogra-phy; with ABC, about doing a television movie based on her life; with MTV, about her being a guest vid-eo jockey, and about doing other

An ABC spokesman, Jim Bro-chu, confirmed that discussions had been held, but Carol Robinson, an MTV spokeswoman, said the closest Rice had come to being "The American people don't like to on MTV was her appearance in the see people making money from audience at the Video Music Awards. Curtis said that Rice and Nickles had started working on a honest and forgotten or rich, sleazy book and that he had made "major presentations to all the important

to pose made, according to spokesmen for the magazines. Whereas Rice and Hall have rejected the offers, Hahn accepted between \$500,000 and \$1 million for a twopart Playboy series. And as part of her current publicity barrage, Hahn has scheduled appearances on ABC's "Good Morning Ameri-ca," "Donahue" and the "CBS "possible litigation about various Morning Program."

> Hahn said that she had made no commitments to any movie, television or book deals and that she would defer to the advice of Dominic Barbara, her New York lawyer. "First, I want to explain to people what happened and let them see what I'm about," she said. "I did Playboy because I had felt insecure as a woman and, for seven years, felt like a slave to what had hap-pened. I posed to be free of this." Rerbara said be had advised her to tell her story in Playboy, and

said that he had also had discussions "with all four networks, including Fox, about a three-part miniseries, as well as with six or seven publishers and several agents" about a possible autobiog-raphy. "One of the nighttime soaps wanted Jessica to appear in about 10 episodes," he added, And "peo-

Ron Yatter and Norman Brokaw,

USA TODAY: MORE OF



From left, Rice wearing "No Excuses;" Hall swearing the oath; Halm pleading innocent.

girl, briefly became the talk of Brit- vealed the details of her affair with scribed as a media "feeding fren-

on Sept. 15, she appeared on a Barbara Walters television special. On the program, she acknowledged mat she was considering the idea of being a talk-show host, and said that politics had "crossed my morfile. However, in August, the part-time model signed with the part-time model with the p

pects for enduring fame, their East and West Coast agents with chances are not very good. In 1963, the William Morris Agency, and, Christine Keeler, a London call retary for Rep. Wayne Hays, re-

ain because of her affair with John her boss in her 1976 book, "The Profumo, then Minister of War. Washington Fringe Benefit," and is After being discovered in Washing-ton's Tidal Basin in 1974 with Rep. reported to still be pursuing an act-ing career in New York. In 1980, ton's Tidal Basin in 1974 with Rep. ing career in New York. In 1980, Wilbur D. Mills, who was chair-Rita Jenrette, who was married to man of the House Ways and Means Rep. John W. Jenrette, told of sex Committee, Fanne Foxe, a strip- on the Capitol steps, posed for per, also made headlines and a playboy, made a film called "Zomquickly forgotten movie, "Posse bie Island Massacre" and is also said to be a still-aspiring actress.

Despite what McAliley de-

zy," few observers expect Rice, Hall and Hahn to fare much better than their predecessors.

"They'll be next year's trivia questions," Braudy said. "It's a classic case of hype," Aronson said, "which is much more

ado about something than that something is worth." And even McAliley doubted, in the long run, if his client would be more than "a footnote to history."



# Exporting Jazz to the U.S.

By Mike Zwerin DARIS - Trying to sell a demo United States for more than a year, Marion Kaempfert spent "many pleasant hours with fantastic re-cord company presidents" who praised her product but said it was

"too good for our catalogue." How can anything be too good?" she wondered, not having been in the jazz business before.

The First Brass group can be superficially described as a hip Tijuana brass. Two trumpers and two trombones (no rhythm) are overdubbed up to times times to make a brass section that plays material from "The Lady in Blue" to "Weigenlied." The trombonists Bert and Erik van Lier are Dutch, the Englishman Derek Watkins plays lead trumpet and the jazz solos are by the leader and arranger Allan Bots-chinsky, who worked with the Danish Radio Big Band (once led by Thad Jones) for 20 years and now lives in Hamburg, as does Kaemp-

She runs the estate of her father Best Kacupfert, principally publishing rights for his 500 songs, including "Strangers in the Night," and the 45 albums recorded by his orchestra. She believes her father would be a seen to the strangers. would be pleased that his catalogue subsidized the creation and marketing of "this quality product nobody wanted in America."

Testimonials, Leonard Feather: The musicisms' technique is remarkable a most successful album." Bob Brookmeyer: "Su-perb." Dizzy Gillespie: "Derek Watkins is Mr. Lead trumpet." Brass Player Magazine: "You MUST add this album to your col-

But this is not so much a biogra-phy of people or a band as a story major record company's "brass ex-Brass album was used as a sound-track for the TV documentary "Hamburg, Pictures From a Big City," sired by West Germany's ZDF network in July. It was so

effective and well received that Kaempfert formed her own label, M.A. Music, and released the album in West Germany.

Then she unexpectedly signed a deal in an unlikely place, Minne-apolis, with a distribution and packaging outfit called K-Tel, which makes those speedy one min-

Jazz appears to be moving across the Atlantic from Europe instead of up the Mississippi from New Orleans.

ute commercials you see on late night and local TV in the U.S. advertising a collection of 20 singers greatest hits on a record available in your neighborhood supermarket for, like, \$2.99. The machine gun voice-off sounds like a tobacco auctioneer. Not exactly a class operation. K-Tel wanted to add jazz and, being unapologetic salesmen, were smart enough to realize they have no smarts on the subject. They were objective enough to hear First Brass's combination of quality and commercial potential. But they wanted the entire label and Kaempfert got more than she bar-gained for — a distribution deal retaining complete artistic control for 6 to 12 albums a year, all either made or produced by Botschinsky.

"First Brass" is scheduled for October release in the United States, M.A. Music's second album is a "Duologue" between the Chet Bakeresque Botschinsky and his fellow Dane, the bassist Niels-Henabout selling quality music in a business rum by accountants for whom quality is programmable.

After literature to a sense a saxy is an appearance of a power selling quality music in a business rum by accountants for more accept Count Basie's offer of a power selling to the sax and a sense a After listening to several tracks, a too young for an American working permit, later he worked for pert" — a young lawyer in dire
need of expertise — said: "It's not
commercial enough." He told her
that he also seems to many years with Oscar Peterson.

Most jazzmen agree with Lemie
Tristano's assessment: "Niels may that he plays cornet in a Dixieland be the best bassist in the world." band every Saturday. The First NHOP has been known to fall

So a hard-sell schlock-music marketer in the American heartland looks to Europe for its jazz catalogue. Europe supplying the birthplace of jazz with its own music is not, in fact, without precedent. Django Reinhardt, Joe Zawinul, Jan Hammer, Jean-Luc Ponty and NHOP are previous examples. Munich's ECM Records released Keith Jarrett's "Köln Concert," one of the best-selling alburns of the '70s in the United States. And this year's Down Beat critics poll named the Italian Gio-vanni Bonandomi and his Milanese Black Saint/Soul Note Records as jazz producer and labels of the

Jazz appears to be moving across the Atlantic from Europe instead of up the Mississippi from New

In Lucerne/Vitznan. your preferred choiceisthe Park Hotel Vitznau

The Park Hotel Vitzman lies directly on the shore of the Lake Lucerne in the beart of Switzerland, at the foot of the Rigi, facing an alpine panorama mirrored in the placid waters of the lake. Hardly one hour's journey by motorway from Zurich airport but far away from the bustle of everyday life.

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planner or:
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Frankfurt (069) 23-03-04,
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Atlas/Centaur has a new thrust that provides commercial customers with a complete package of manufacturing, satellite integration and launch services.

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Atlas/Centaur has a new thrust.

GENERAL DYNAMICS Space Systems Division



IT is one of the world's foremost producers of automotive equipment.

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IT is an insurance company with assets of \$19.8 billion.

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# What is IT?

ITT is a 17.4 billion dollar corporation that knows exactly where it is going.

But it wasn't always this way.



There were businesses we could grow that were clearly "Us." And others that just as clearly weren't.

We parted company with many, but held on to those product and service businesses which offered

the chance for industry leadership.

Then we rolled up our sleeves and worked to help those businesses grow and prosper.

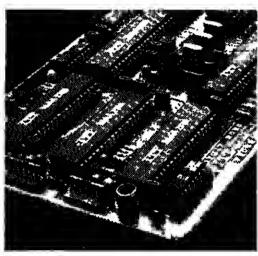
And grow they did.
Last year, ITT Automotive sold equivalent of more than \$100 worth of equipment for every car manufactured in Europe and the United States.



And grew more than 30%. Two of its major units are Teves GmbH, developer of anti-lock braking systems, and SWF Auto-Electric GmbH, a leader in wiper-system technology.

Our Sheraton Hotel chain grew to nearly 500 hotels, inns and resorts in 62 countries worldwide, including 14 major cities in Europe.

ITT Intermetall, a unit of ITT Electronic Components, is among the leaders in the pro-



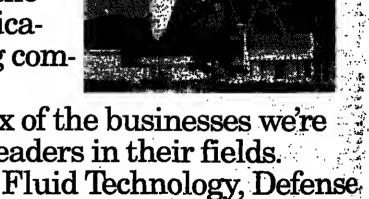
duction of integrated circuits. And it developed the microchip for the most exciting video product in 30 years: digital television.

Worldwide premiums for The Hartford Insurance Group totalled \$4.5 billion

for the first six months of 1987—an 11% improvement over first half of 1986.

ITT Financial Services has completed twelve consecutive years of record revenue and income.

And our joint venture with CGE, Alcatel N.V., has given us 37% ownership in what is now the largest telecommunications manufacturing company in the world.



These are just six of the businesses we're in that are already leaders in their fields. We're also leaders in Fluid Technology, Defense Technology, Communications and Information Services and Natural Resources.

The hard work is paying off. In the first 6 months of 1987, net income is up 60%, totaling \$427 million, or \$2.80 per share, compared to \$266 million, or \$1.75 per share for the first 6 months of last year.

And we've only just begun.



T Corporation, 320 Park Avenue, New York, N. V.

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THE stock boom panes are publicly is about 30 percent of was \$10 brillion, great g and Stagapore, ust alone, 18,000 m houses, mostly by smare ground to a halt see shares shot up by 5. The market has a tender of the problem of the p

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10 90 12/32 975 92/32 976 92/32 972/16 75/16 79/16 75/16 79/16 75/16 76 in of integrated cir. in August was \$10 billion, greater than the combined turnover in Hong Kong and Singapore.

In August alone, 18,000 new accounts were opened with brokerage houses, mostly by small investors who are withdrawing bank savings and buying shares across the board.

Trading ground to a halt several times this month as all but a handful of shares shot up by 5 percent, the maximum daily gain permitted under stock exchange rules, within hours of the market opening. The market has a tremendous amount of buyers and fow sellers," said Blair Pickerell, the Taiwan general manager of Jardine Fleming.

Mr. Pickerell said he was bullish about market prospects, noting that the problem of excess cash was still unresolved and that the coonomy is forecast to grow by more than 10 percent this year with nearly full employment. of 1986.

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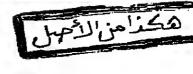
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DAHICHI KANGYO BANK International financial services? We talk your language. TUESDAY, SEPTEMBER 29, 1987

Herald Eribune. BUSINESS/FINANCE





Page 15

## INTERNATIONAL STOCK MARKETS

# Taiwan Is All Pumped Up With Nowhere Else to Go

By ANDREW BROWNE

AIPEI — The Taiwan Stock Exchange is breaking all records as thousands of small investors cash in on a boom that has sent the index rocketing by almost 300 percent this year. The weighted index rose 106.92 points Saurday to a record 4,471.62 on volume of 24.6 billion Taiwan dollars (\$817 million). Taiwan's markets were closed Monday for

Although the boom has made fortunes for many investors, brokers warn it is a symptom of a serious economic problem Taiwan has too much money with nowhere to go. Many predict the boom could go bust.

halted several times

as shares rose

"It's a disaster waiting to Taiwan has racked up foreign exchange reserves of \$64 billion through its huge trade

Trading has been surpluses. Much of the money is flowing into the stock market in the absence of other investment outlets. Market

capitalization is now at \$66 billion. 5 percent, the maximum daily gain. Speculative funds began

pouring into Taiwan after the
Taiwan dollar began appreciating against the U.S. currency last
year, resulting in the swollen foreign reserves.
The United States has been pressing for an even stronger
Taiwan currency to reduce the big U.S. trade deficit with the year. That surplus compared with \$7.5 billion in the comparable period of 1986. island, which grew to \$9.4 billion in the first seven months of this

The Taiwan currency has been trading at about 30 to \$1, a level that the Taipei government has pledged to defend. The central bank boosted the currency to that rate in August in the hope of averting U.S. trade retaliation.

The central bank also has taken steps to curb the inflow of foreign speculative funds, and encouraged businesses to freely invest their export earnings overseas for the first time since 1949. And it developed in invest their export earnings overseas for the first time since 1949. In June, the government froze overseas borrowings by local and foreign banks at end-of-May levels. The governor of the central bank said Monday that Taiwan would end the freeze on Wednesday because it had been largely successful in limiting the inflow. Overseas borrowings, which stood at a record \$13.9 billion at the end of May, dropped to \$11.4 billion in June and to about \$10 billion in both July and August, the central bank said.

Video product in 3 Ter THE stock boom has continued. While only 133 companies are publicly listed on the Taiwan exchange and only about 30 percent of stocks are actively traded, volume digital television in August was \$10 billion, greater than the combined turnover in Management of Store Kong and Singapore.

year with nearly full employment.
Some brokers said that market sentiment also was boosted by

the prospects of a trade boom with China when Taipei lifts a 38year ban on travel to the mainland.

Prime Minister Yu Kuo-hua has ruled out allowing all citizens of Taiwan to visit China, however, saying that the plan to lift the ban is intended mainly to make family reunions possible.

**Currency Rates** 

Per 5
4.384
139.30
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**Interest Rates** 

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WASHINGTON - Deutsche Bank AG would not rule out offercrisis, Alfred Herrhausen, a managing director of the bank, said Mon-

He also said that his bank had now set aside reserves for 70 percent of its exposure to problem debts and would increase that

Mr. Herrhausen named three categories of banks whose requirements in debt rescheduling were vastly different: those with loan loss reserves, those that had just started making provisions and those, especially Japanese banks, that had so far set aside little for

sure whether the Brazilian debt package, outlined last Friday to creditor banks in Washington, would address the needs of all three categories of banks.

But he said that, depending on terms, Deutsche Bank, West Germany's largest, would consider buying the bonds that Brazil seemed ready to offer to convert

Mr. Herrhausen said that many of the new instruments being proposed as solutions to the crisis were nothing more than forgiveness. Debt forgiveness relieves debtors of their obligations under a bor-

# Deutsche Mulls Debt Solution

#### Forgiveness Is Not Ruled Out

ing debt forgiveness as part of a solution to the Third World debt

amount at the end of the year.

problem loans.

Mr. Herrhausen said he was not

some of its debt.

Asked if Deutsche was prepared to make direct debt forgiveness, Mr. Herrhausen szid, "What I'm saying is that I would not rule it

# In the United States. Amstrad will be competing with the masters of low-cost, high-volume production, the East Asian computer makers.

Alan Sugar, head of Amstrad, with one of the computers his company markets.

# Amstrad Targets U.S. for Growth

# But U.K. Computer Firm May Find Market Is Tougher

By Steve Lohr

LONDON - Alan Sugar, one of Europe's most successful entrepreneurs of the 1980s, distilled the ethos of his company, Amstrad Consumer Elec-tronics PLC, in a rare speech a few months ago.

Noting that other companies have slogans boasting of how well they look after their custom-ers, Mr. Sugar exclaimed, "At Amstrad, we want In recent years, Amstrad has gotten plenty. Once a tiny British peddler of hi-fi systems and television sets, Amstrad has been transformed into

Europe's leading marketer of home computers and one of its fastest-growing companies. Since 1980, when Amstrad went public, its sales have jumped 35 times to \$502 million in the year ended June 1986, while pretax profits jumped 55 times to \$124 million. For the year ended last June,

to be reported next week, analysts expect pretax earnings to surge again, to more than \$230 million on revenues of \$910 million. "Amstrad has been the corporate phenomenon of the 1980s, not only in Britain but throughout

Europe," said David Gibbons, an electronics analyst for James Capel & Co., a London brokerage

For Mr. Sugar, Amstrad's swift ascent has meant extraordinary wealth and national fame. At 41, he is said to be worth more than \$700 million, thanks to his 45 percent stake in Amstrad.

A native of London's working-class East End, who began his business career hawking car-radio

aerials from a van, Mr. Sugar has been hailed as the embodiment of the "enterprise spirit" and upward mobility that is the Thatcherite vision of Britain's

Yet to date, Amstrad has been little noticed in the world's largest and most sophisticated comput-er market, the United States. But Mr. Sugar hopes Amstrad has made an uncharacteristically slug-

gish start in the U.S. market, which it entered cantionsly almost two years ago. Until last fall, Amstrad's home computers were marketed by Sears World Trade Inc., a unit of Chicago-based Sears, Roebuck & Co. Sears World Trade purchased fewer than the

See AMSTRAD, Page 19

# Salomon Stock Rises After **Investor Switch**

By James Sterngold New York Times Service

NEW YORK - Salomon Inc. stock rose \$2.75 to \$34.75 in active trading Monday after it was dis-closed that the investor Warren E. Buffett had agreed to pay \$700 million for a 12 percent stake in Salo-mon, parent of Salomon Brothers

Inc.
Salomon Brothers, Wall Street's largest investment banking house, said Sunday it had concluded a complex transaction that rid it of a restless investor while gaining a new ally, Mr. Buffett's Berkshire Hathaway Inc. Mr. Buffett is known as a sharp

investor with an eye for undervahed securities.

In the two-step transaction, Salomon paid \$609 million, or \$38 a share, to buy back a 14 percent stake held by Minerals & Resources Corp., known as Minorco, a Bermuda-based holding compa-ny controlled by Anglo American Corp. of South Africa.

Those 21 million shares had rep-

resented the largest single holding

in Salomon. Minorco has been cutting its Salomon stake for several years.

It said in a public filing two weeks ago that it intended to sell the rest of its stake. John H. Gutfreund, Salomon's chairman, said he had held discussions with Mr. Buffett on several

occasions about the possibility of Berkshire Hathaway investing in Salomon. In the second step, Salomon said, it will sell 700,000 shares of a new issue of preferred stock to Berkshire Hathaway and a company controlled by it for \$1,000 a

The preferred stock will pay a 9 percent annual dividend and is convertible into Salomoo shares at \$38 a share after three years.



Warren E. Buffett

The new stock represents 12 percent of Salomon's total voting

rights.
The agreement marks a new twist to a recent trend on Wall Street in which a number of major firms have sought foreign investors. Goldman, Sachs & Co. and Shearson Lehman Brothers both brought in Japanese investors to bolster their capital and international connections. In this instance, Salomon, which

also owns the Philipp Brothers commodities trading firm, is shedding a foreigo investor for a domes-

The deal also comes at a critical moment for Salomon Brothers. The firm has been engaged in a review of all its operations that is expected to result in some important shifts in its mix of businesses.

Salomon Inc. reported a 66 per-cent plunge in profit in the second quarter, to \$40 million from \$117 million a year earlier.

# Orders Off 12% For U.S.-Made

Machine Tools

NEW YORK - New orders for U.S.-made machine tools dropped 12.7 percent in August from the previous month's level, according to a report Mon-day by the National Machine Tool Builders' Association.

August's figures were a 7.8 percent decline from August tive month of sizable decreases on oew orders. The association said that weak capital spending was the principal reason.

Machine tools are powerdriven devices used to shape metal parts. Their sales are an indicator of capital spending by

The report said new orders had fallen to \$142.3 million in August, from \$162.8 million in July, and were below the \$154.4

#### Analysts Think Dollar Will Hold Firm, Then Fall the dollar's fundamental weakness will prebank in any such action would be limited. Ernst Pollman, senior currency trader at They said a fear of swelling the already Deutsche Girozentrale-Deutsche Kommunbloated supply of marks in the domesti albank. That rate was raised from 5.5 percent

LONDON - Many corrency dealers in Enrope said Monday that they thought the dollar would fall in the long term and that they had been disappointed by the Group of Seven's meeting last weekend because it had shed little light on the dollar's trend in the

"Nothing new" came out of the talks among financial officials of the seven leading democratic industrial nations "and all the old problems are still there," said Geoffrey Dennis an international economist with the stockbrokers James Capel & Co. in London.

The group's reaffirmation of February's currency stability accord had been widely expected, but the decision to cooperate on keeping exchange rates near current levels was seen as giving short-term support to the dollar and boosted it in trading Monday.

Most analysts said they thought the dollar would hold to its current level in the near term, at about 1.80 to 1.85 Deutsche marks, but saw it falling to 1.75 marks before the

The market feels secure holding dollars at the moment," said Chris Zwermann, currency analyst at the Frankfurt office of Swiss Bank Corp. But, he added, "sooner or later

In Paris, a dealer with a major U.S.-based bank said that the repetition by U.S. Treasury Secretary James A. Baker 3d, that other nations should continue efforts to increase growth, aroused concern that U.S. officials again may try to talk down the dollar. Other French dealers focused more on the

bank from selling marks too aggressively, and that any reduction in interest rates might fuel inflation concerns. They noted that Japan, too, was in no position to lower interest rates, because ris-

The market now feels secure holding dollars, but sooner or later the 'fundamental weakness will prevail.'

hard line on inflation expected from the new ing prices are prompting fears of inflation, chairman of the Federal Reserve, Alan and suggested that higher, rather than lower, Greenspan, and this time gave less weight to Mr. Baker's remarks than they had earlier

Most analysts said they expected the dollar to decline gently, with any selling fervor being dampened by concerted central bank intervention in the open market and by a further widening of world interest rate dif-

But West German analysts said they thought that participation by the Bundes-

interest rates may be necessary. However, the governor of the Bank of Japan, Satoshi Sumita, said Saturday in Washington that his country had no intention now of raising its discount rate.

Analysts said the Umted States likely will have to take most of the strain of any dollar weakness, by raising its discount rate again. The U.S. discount rate will probably have to rise again and the 30-year" Treasury bond Its pr
"yield will go to 10 or 104 percent," said 1987.

to 6 percent on Sept. 4.

Analysts and dealers in Britain noted that banking system would prevent the Bundeslow unemployment levels in the United States and growing evidence of factory capacity restraint made a rise in interest rates

there more likely.

"They're reaching the point where a falling dollar will fuel inflation faster than normal," said Ian Amstad of Chase Manhattan Securities in London.

economist at Credit Suisse, said that he thought the dollar would remain relatively stable for three to six months. Citing a widening interest rate differential in favor of the dollar and improved growth prospects for the U.S economy as main support factors, he said he thought the dollar would hover around 1.50 Swiss francs, with occasional

swings to 1.45 or 1.55 francs. But because of the pressure of rising U.S. inflation, a poor balance of payments and political uncertainties caused by the presi-dential election, he said, the dollar could dip to historic lows of about 1.35 francs in 1988. Its previous low, of 1.4445, was set on May 5,

# heavy industry.

million of August of 1986.

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#### Substitution of certificates in circulation representing ordinary shares

Notice is hereby given that with the effect of 1st October 1987 ordinary shares certificates in circulation carrying coupons no. 28, 29 and 30 will be substituted with new certificates carrying coupons no. 28 up to no. 47.

From 1st October 1987 to 31st December 1987 the substitution will take place at any of the Authorized Agents indicated below, subsequently exclusively at any Branch of Banca Commer-

The new shares will be made available, when possible, at Monte Titoli S.p.A.

In accordance with the Stockbrokers' Managing Committee of the Milan Stock Exchange, the October and November 1987 settlements will be carried out with old and new certificates whereas the December settlement will be carried out with new certifi-

As from 1st January 1988 shareholders' rights shall be exercised exclusively through presentation of new certificates.

#### **Authorized Agents:**

Banca Commerciale Italiana, Credito Italiano, Banco di Roma, Banca Nazionale del Lavoro, Banco di Sicilia, Banco di Napoli, Istituto Bancario San Paolo di Torino, Monte dei Paschi di Siena, Banco di Santo Spirito, Banco di Sardegna, Monte Titoli S.p.A.

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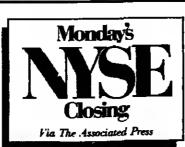
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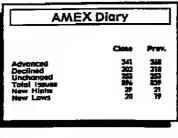
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Odd-Lot Trading in N.Y.



Dow Jones Averages

Tables include the nationwide prices up to the closing on Woll Street and do not reflect late trades elsewhere



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NASDAQ Index

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**AMEX Most Actives** 

**AMEX Stock Index** 

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# **Prices Rise Sharply on NYSE**

NEW YORK --- Prices on the New York night." Stock Exchange finished sharply higher Mon-day in active trading as fears lessened about the dollar's stability, encouraging a broad advance.

Analysts said investors reacted favorably to news that, over the weekend, officials from the Group of Seven major industrial democracies reaffirmed their intent to keep the dollar stable. The Dow Jones industrial average climbed 31.33 points, to 2601.50, and was up as much as

Advances outpaced declines by 1,006 to 592 among the 1,976 issues traded on the exchange. Broad-market indexes also rose. The New York Stock Exchange composite index jumped 1.60, to 180.74, and Standard & Poor's 500stock index climbed 3.04, to 323.20. The price of

45 points, pear the 2615-level, at mid-afternoon.

an average share rose 37 cents. Big Board volume amounted to about 188,070,000 shares, compared with 137,959,780

traded Friday Analysts said the Group of Seven's reaffirmation of the dollar-exchange rate targets agreed to in February in Paris eased some worries about the inflation and interest-rate outlook. "The Group of Seven indicated that they would stand by the original accord," said Mon-te Gordon, research director at Dreyfus Corp. Combined with President Ronald Reagan's decision to sign Congress' deficit-reduction bill.

sting in a more stable environment, he said.

Things have quieted down; worry about inflation and higher interest rates has eased to some extent," he said, while emphasizing that

180s High Low Qual Chips

this let investors know that they would be oper-

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investors are still jumping at noises in the

Some technical analysts said they believed that the market had reversed the correction that saw the Dow finish below 2500 on Sept. 21. Pacific Telesis was the most active NYSE-

Facific Telesis was the most active NYSE-listed issue, climbing 1½ to 33. Southern Cali-fornia Edison followed, adding ½ to 32½, with IC Industries third, jumping 3½ to 41½. Salomon Inc. rose 2½ to 34½. The parent company of Wall Street's largest investment banking house will sell a 12 percent stake to investor Warren Buffett in a deal that involved buying back a 14 percent stake owned by Min-

erals & Resources Corp. Ltd. Hershey Foods fell 1% to 33% as takeover speculation waned. The stock rose Friday on a rumor that Philip Morris may want to buy the

chocolate company.

Among blue chips, AT&T rose ½ to 34%,
General Electric added ¼ to 62, Union Carbide rose % to 28%, USX jumped % to 37%, Eastman Kodak climbed 2% to 103%, Merck spurted 4% to 204%, Westinghouse rose 2% to 74, Philip Morris advanced 2% to 119 and American Ex-

ress dropped 1% to 34%. IBM fell 3% to 152%. An influential financial weekly quoted a Cowen & Co. analyst as saying he expected the stock to fall into the 130s. CBS jumped 71/4 to 511/4 on a report that its directors will make a decision this week on

The oil stocks attracted buyers, with Exxon rising % to 494. Chevron adding 1/2 to 53%, Texaco edging up ¼ to 41, Pennzoil climbing 1¼ to 71¼ and Atlantic Richfield rising 2¾ to 93¾.

Sony's offer to buy CBS's records unit.

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# **Drought Expected to Cut** Growth in India's Output

NEW DELHI — A severe drought will cut growth in India's industrial production to 4 percent in 1987/88 from 8.9 percent in 1986/87, according to Pai Panandikar, secretary-general of the Federation of Indian Chambers of Commerce and Industry.

"Gross national product is also likely to grow only 2 percent in 1987/88, as the drought will

cut farm output by 10 percent and severely cut" hydroelectric power generation, he said in an interview. "But the economy should pick up from mid-1988."

India's gross national product, the total out-put of goods and services, grew 5 percent in the year ended March 1987, up from 3.7 percent the revious year, according to official figures.

India's merchandise trade deficit could swell by 5 billion rupees (\$384.6 million) because of lower agricultural exports and higher imports of certain goods, Mr. Panandikar said. India re-ported a merchandise trade deficit of \$7.47 billion rupees for fiscal 1985/86.

"But imports, particularly of raw materials and certain kinds of industrial machinery, will also fall because of the industrial slowdown," Mr. Panandikar said.

He said the latest estimates show that output of food grains will fall to around 135 million metric tons (148.5 million short tons) from 151

million tons last year. He said there would be no famine but can

tioned that buffer stocks of grain, which stood at 23.4 million tons on July 1, are expected to be

# NYSE Highs-Lows

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# AMEX Highs-Lows

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Via The Associated Press

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(Continued on Page 21) .

Come to flavor Marin



Marlboro, the number one selling cigarette in the world.

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usually management, borrows

money to acquire a company and

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Avis said that the employee

would assume the company's debt

under the stock ownership plan.

The company also said that its

chairman and chief executive of-

fice, J. Patrick Barrett, had re-

signed and would be succeeded by

Avis's president and chief operat-

Avis but spent four years at Hertz Corp., the biggest U.S. car rental company, before returning in 1982.

Avis was involved in talks on a

possible sale. A company spokes-

man, John Britton, said then that its options included a sale to the

public through a stock offering.

Avis said that the employee pur-chase was financed by \$395 million

in loans from General Motors Acceptance Corp., Pittsburgh Nation-

An additional \$1 billion in loans

was received from a syndicat

headed by Irving Bank Corp. Avis

The company said that \$135 mil-lion was raised through the sale of

Kleinwort Benson Ltd.

Mr. Vittoria began his career at

It was announced last week that

ing officer, Joseph V. Vittoria.

the company or sale of its assets.

RICOR COMPANY LTD

(CD)BL)

The undersigned announces that the An-nual Report 1987 of Ricoh Company, Ltd. will be available in Amsterdam at: Algemene Bank Nederland N.V.,

Pierson, Heldring & Pierson N.V., Kas-Associatie N.V.

imsterdam, 14th September, 1987

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# Judge Freezes Holding in Newmont

WILMINGTON, Delaware Consolidated Gold Fields PLC, the British company that is trying to relp Newmont Mining Corp. deeat a hostile bid by T. Boone Pickans can complete its recent purshases of 15.8 million shares of Newmont stock but must hold hem inactive until a hearing later his week, a Delaware judge ruled

Vice Chancellor Jack B. Jacobs if Delaware Chancery Court or-lered Consolidated Gold Fields eiher to place in escrow or hold eparately the \$1.5 billion worth of hares it scooped up in a "market

That purchase prevented Mr.

\*\*\*\*\*\*

appeared to agree with arguments in support of Consolidated and bid for control Judge Jacobs said "those shares Newmont that undoing the massive shall not be voted or otherwise used purchases would be unprecedented to alter the status quo." and probably undermine market

confidence.

from over.

The New York Stock Exchange

and National Securities Clearing

Corp. filed an affidavit Friday

seeking to block the Pickens effort

to undo the Consolidated purchase.

The judge directed attorneys in

Newmont stock rose \$2 a

share to \$97 on the New York

Stock Exchangeat the close of trading

Monday, apparently reflecting in-vestors' belief that the judge's order means the takeover banks is far

Lawyers for Ivanhoe had con-

tended that an agreement under which Newmont allowed Consoli-

dated to buy up to 49.9 percent of

scheme that would hart Newmont

shareholders by preventing Ivan-hoe's latest takeover offer from

til the matter is resolved.

Disney to Buy Wrather Corp.

The Associated Press

BURBANK, California - Walt

L with Industrial Equity Pa-

Disney Co. said Monday it had

cific Ltd. of Australia, to buy

Wrather Corp. for \$152 million.

Wrather is known as the owner of

The ruling came in the form of a written amendment to a temporary restraining order Judge Jacobs had issued last week at the request of Mr. Pickens's group, Ivanhoe Partners. The temporary order blocked Consolidated from buying any more Newmont shares.

the battle to further consider bow to resolve the question, including Judge Jacobs said the fate of the the possibility of allowing Mr. Pickens and Consolidated to bid 15.8 million shares, which would raise Consolidated's share in Newmont to 49.7 percent, would be competitively for the separately held stock. addressed at a hearing on Thurs-

day. In his ruling Monday, the judge

# Storehouse Rejects Benlox Bid Of £2 Billion as Low in Value

LONDON - Storehouse PLC. he British retailing group, said Monday it had rejected a bid by the ngineering and investment group lenks. PLC valued at £2.04 billion

Storehouse said that its board sees no ment in Benlox's proposis and notes that Storehouse hareholders are being offered paer of questionable value with no ash alternative."

Storehouse owns the specialty fothercare, Habitat and British fomes Stores chains. Benlox could break the company up and all most of its parts, retaining only me peripheral property assets. Benlox advanced a bid Sunday ffering 11 ordinary Benlox shares ment was the catalyst for us making r every 2 ordinary Storehouse an offer," he said.

shares at 501 peace each.

Storehouse's shares rose on news of the bid to close at 384 pence Monday on the London Stock Exchange, up from 349 pence Friday.
Benlox's offer follows Storehouse's rejection last week of a bid by the Mountleigh property group. That offer was valued at £1.8 bil-

lion, or 445 pence per share. The board said it would recom mend that shareholders reject the offer. But Peter Earl, a financial adviser to Benlox, said he was confident the bid would succeed.

He contended that Storehouse shareholders resented that they had not been given a chance to vote on the Mountleigh bid. "That senti-

# Dassault Warns of Job Cuts

PARIS - Avions Marcel Dassault-Breguet Aviation, which has reported a severe drop in foreign orders for its Mirage jet fighters, is sending letters to its 15,000 employees this week warning that more employment cuts will be necessary.

A company spokeswoman said she did not know how many jobs

would be affected, but the newspaper Le Monde said Monday that as many as 1,000 may be cut. Earlier this year, Dassault cut 833 jobs. The French government gave Dassault the go-ahead in February to develop its next generation of fighter plane, the Raphale, but production isn't expected to begin until 1996.

Le Monde reported that the letter was signed by the company's chairman, Serge Dassault, who called the situation "very worry some" and said it "obliges us to re-examine the problem of our work force, which is becoming rapidly over-abundant."

Dassault reported Sept. 17 that pretax earnings in the first half of

1987 fell 90 percent, to 42.6 million francs (about \$7 million at current rates) from 427.7 million france a year earlier. Sales were flat, at 6.6 billion francs. That decline in not earnings followed a 36 percent drop in 1986, to 293.4 million francs, on sales of 15.6 billion francs.

The company's stock, which has declined significantly this year, closed Monday on the Paris Bourse at 980 francs, up from 960 Friday.

# **Employees Acquire Avis** In \$1.75 Billion Buyout

GARDEN CITY, New York -Employees have bought Avis Inc., the second-biggest U.S. car rental company, for \$1.75 billion from Westray Capital Corp., Avis said

It said that the transaction was accomplished through an employee stock ownership plan in which its 11,000 workers bought all of Avis's outstanding shares.

Wesray is a privately held com-pany specializing in leveraged buyouts. Wesray investors, including Avis management, acquired the ear rental company in July 1986 from Beatrice Cos. for \$265 million in cash. Wesray also assumed \$1.34 billion in Avis debt.

# Immediate Premium Expected for BP Issue

LONDON - The fixed-price shares of British Petroleum Co. being sold by the government are expected to begin trading immediately at a premium of 25 to 30 percent when dealing begins at the end of October, according to merchant

roceeding.

Both sides had said they would not oppose a temporary solution under which Consolidated's Newbankers and analysts. The shares represent about half of the government's £7.5 billion (\$12.3 billion) total offering. mont shares are held in escrow un-

The fixed-price offering will be made to the British public and existing BP shareholders. Payment for the shares will be in three roughly equal installments on application in October, in August 1988 and in April 1989. The analysts predicted that those chares would be offered to individ-

nal investors at a fixed price about 5

in an international offering to Brit- British investors. ish institutions and foreign inves- The pricing of this tranche will

Sons Ltd., the government's advis-ers for the issue, said that a market more than a week. premium of about 25 percent could result if the private-investor ers will receive a final 1987 divitranche were priced at about 340 dend of 8 pence per ordinary share. pence and if fully paid shares were priced at about 360 pence on the market

The international tranche will be marketed through investment deal-

London at 376.50 peace, up from 374 pence Friday.

BP shares closed Monday in

percent below the prevailing marker ers in Europe, North America and price and with a much higher yield Japan under a form of bidding that a Bank and Chrysler Credit Corp. than fully paid BP shares will have. The rest of the shares will be sold the fixed-price issue for the private said that bridge financing of \$255 million was provided by Drexel Burnham Lambert Group Inc. and

not be known until Oct. 30. Deal-Michael Richardson, the manag-ings in the partly paid shares starting director of N.M. Rothschild & then, although individual investors

BP has predicted that sharehold-

preferred stock to shareholders in exchange for common stock.

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# AMSTRAD: U.K. Computer Firm, Leader in Europe, Expected to Find U.S. Market Tougher

the Disneyland Hotel.

Continued from first finance page) spected 100,000 units of Amhad's basic inexpensive word proessor, a best-seller in Europe, and ever really marketed the product gressively, according to Mr. Sug-"Sears didn't have a cine," Mr. agar claimed. "They got it all

But American analysts said the ckluster sales were as much Amrad's fault as Sears, In the more impetitive U.S. market, they said, mstrad's price and product simy did not stand out the way they

... To help increase its presence in

ments to a middleman distributor, of IBM-compatible computers. reducing cost pressures.

By the middle of next year, Mr. Sugar said, he hopes to increase U.S. sales as a percentage of Amstrad's revenues from the current 8 percent to about 30 percent. And before the end of the decade, be said, the United States could well become Amstract's leading market.

Currently it sells about 9,000 units a month of its IBM-compatible PC-1512 through 900 dealers. The PC1512 range, launched in the United States last January, sells for from \$599 to \$1,599, depending on

Amstrad will introduce two new ne United States, Amstrad earlier computer lines in the United States is month acquired its Texas- next month. The PCW-9512 word ased distributor, Video, for \$7.5 processor, priced at \$799, includes ullion. The purchase gives Am- a computer and letter-quality dairad greater control over its U.S. sy-wheel printer. It will also move much more than they have targeted tarketing and eliminates pay- upmarket with the PC-1640 range Europe.

Mr. Sugar is the first to point out which offers more features than the PC-1512. The PC-1640 ranges will not a technology company.

sell for \$899 to \$1,999. Amstrad's prospects in the U.S. market are uncertain, according to analysis. In Europe, the key to success has been to offer low-cost but dependable products into a market that was in its formative stage, attracting first-time computer own-

Mr. Sugar himself defines Amstrad's marketing philosophy as "pile 'em high, and sell 'em cheap." Yet in the United States, analysts said, Amstrad will be competing with the masters of low-cost. high-volume production, the South Korean, Japanese and Taiwanese personal computer makers, who have targeted the U.S. market

that Amstrad is a marketing entity, As a trader-marketer, Amstrad

can be fast-moving. "Bureaucracy" is a term Mr. Sugar uses with con-tempt. With just 700 employees worldwide, fewer than 200 of them in Britain, there seems little imminent danger of Amstrad being stifled by bureancracy. However, skeptics point out that

every function farmed out to someone else means paying a middleman, In the more cutthroat U.S. market, they predict, those additional costs will mean Amstrad will have a hard time competing against the appressive Fast Asian producers, who are willing to cut profits to mil to gain market share.

"Amstrad's whole philosophy is to give the customer a decent prodnet at a price," noted Seymour

Merrin, a computer consultant based in Southport, Connecticut, "And I doubt Amstrad can match the price or the product here. For what they are selling, Amstrad's computers are just too pricey for

this market."

"Amstrad has done fabulously in Europe," said Gordon Curran, a director of Intelligent Economics, a Paris-based market research firm. "But Sugar will face tremendously stiff competition in the U.S."

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Still, most analysts remain optimistic about Amstrad's future in general, with European markets inchuding France, Spain, Italy and West Germany offering potential growth for several years. From now on, analysts say, Amstrad's growth may not be as explosive as in the past, but should still average 20 percent annually for the next sever-

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The undersigned announces that the Annual Report per March 31st. 1987 of Asahi Optical Co., Ltd. will be available in Amsterdam at:

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am, 14th September, 1987.

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ndam, 14th September, 1987.

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am, 16th September 1987.



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rment to be included with the rules of the competition. All prospective entrants should easure that they appreciate

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Business and

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Floating-Rate Notes **US. Futures** Via The Associated Press Dollars **Deutsche Marks** 01.15 80.00 80.20 77.35 79.75 79.40 79.00 79.50 79.35 79.00 18.25 Pounds Sterling Consumer Prices Rise 0.2%, France Reports Prev. Day Goon Int. #5.54" us PBEDEE CATTLE (CME) 44,000 lbs. centr peril 80.40 57.70 Oct 51.05 59.45 Nov 80. 51.05 59.45 Nov 80. 51.05 42.25 Jon 80 94.10 44.20 Apr 77 78.00 47.20 Apr 77 78.00 57.20 Apr 77 78.00 57.20 Apr 77 78.55 74.40 Aug 74 78.55 74.40 Aug 77 78.55 74.40 Aug 77 cent this year, and during the past 12 months to 3.5 percent, INSEE, ergy costs were a significant factor.
The government's target, included
in the draft 1988 budget approved
on Sept. 16, is to hold the increase **ADVERTISEMENT** FUNDS (Quotations Supplied by Funds Listed) 28th Sept. 1987 **Currency Options** THE CONTROL OF THE PROPERTY OF Other Funds 7 0.98 0.28 0.07 0.01 7 00-1001 1.54 0.79 0.39 0.11 0.03 \$ 124.24

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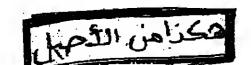
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Dec 1,123 1,130 1,125
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voles: 1,220 lots of 50 lone.
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Vol.: 800 lots of 50 lone.
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Copper electrolyti
Iron FOB, for
Lead, ib
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Revenue 1988
Revenue 1772
Net Income 772
Nets Include Increase of \$5.7 it is charge of one cent. Per sha suits adjusted for two-for-one split Nov. 1987. Source: Bourse du Commerce S&P 100 Index Options TANONAL Z Strike Calif-Last Prit-Last Prit-Last Price Gci Nev Dec Jan Oct Nev Dec Jan De **London Metals** TRIBUN **US.Treasuries** Prev. Yield 4.54 6.56 7.20 Prev. Yield 9.67 Yielo 6.70 7.20 7.70 \$16 Offer 92 10/22 92 12/32



"My sales fell by 70 percent right after the program," Mr. Koch said,

"Now they're only off about 50

prepare every one of them by hand,

not with machines,"

So far, Mr. Wyremba said, about

40 workers in the Bremerhaven

area have lost their jobs, with more

dismissals expected. Another 1,400

are working shorter shifts, others

have been given extended vaca-

Large companies, too, have been badly hurt. Nardsee Deutsche Hochseefischerei GmbH of Bre-

merhaven has more than 5,000

workers and annual sales of just more than 1 billion DM from a

nationwide chain of 160 retail fish and seafood shops and 120 fish restaurants. Windows in those

shops now have signs proclaiming,

"Our fish is safe," said Kurt Quer-

year will be considerable," he said.

"And we may have fared better than most because we have nearly

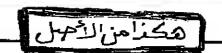
of our fish. We are slowly rebuild-

ing credibility."
Winning back consumers is like-

complete control of the process

"The decline in our sales for the

feld. Nordsee's general manager.



# RENCY MARKETS llar Is Boosted by Currency Pact

YORK — The dollar higher in New York on in a market that traders s stabilized by reaffirmacurrency trading ranges by ministers from the Group

nations. York, the dollar closed at Deutsche marks, up from t Friday's close lollar also closed in New

144.35 Japanese yen, up 3.55 Friday. dollar closed at 6.0905 do Swiss fram.

O Swiss fram.

do Swiss fram.

veckend's news has rethe volatility from the mar-ed Varick Martin, a Union Switzerland vice president only did the ministers reaf-Industrials concept of target-trading reated by the Louvre ac-February, they reaffirmed

angh the central banks are med from revealing the Mr. Martin said the dollar (Continued from Dec. 1) to have been fixed against k at levels ranging from

ding to Mr. Martin, the ed trading level of the dolast the yen appears to be 2 to 1.47. ong as the central banks the targets, there's not at can take the dollar out of

ges," he said.
Ided that, coupled with nges, relatively high U.S. d heavy levels of dollarmsactions.

mg as the dollar market stable, money will flow to rates are Lighest," be vestors will want dollars edging benefits."

London Dollar Rates

The dollar also closed higher in London, but trading was dull and lack of real progress after the higher European start prompted doubts

about further rises.

In London, the dollar closed at 1.8245 DM, up from 1.8208 at Fri-day's close and 1.8240 at the open-

Against the yen, the dollar closed at 144.10, up from Friday's close of 143.70, having drifted back slightly from the opening of 144.20.

The dollar was up at 1.5135 Paris at 6.0835 French francs, up from 6.0725. and at 6.0825 French francs, up

from 6.0700 The dollar was also higher on Friday.

(Continued from Page 1)

IMF, said that the 1980s were be-

coming "a lost decade" for the de-

However, the Interim Commit-

ee, chaired by Finance Minister H.

Onno Ruding of the Netherlands,

indirectly rebuked the G-24 for

that warning. It observed that "mi-

lateral initiatives carry heavy risks

Instead, the Interim Committee

counselled the heavy debtor coun-

up at home. It emphasized "the

overriding need for heavily-indebt-

and enhancing growth prospects.

tries to put more effort into shaping

veloping nations.

for all parties."

for the poor nations within the conceded that there have been

ed countries to pursue policies Interim Committee's forecast that

aimed at restoring macroeconomic the debt problem would take longer

balance and domestic confidence to solve than had been anticipated,

against the British pound, which closed at \$1.6415, against \$1.6425 on Friday.

Dealers said that little fresh had emerged at the weekend financial meetings that might prove of lasting support for the dollar.

Some dealers said they believe that while central bankers and finance ministers had pledged their determination to hold the dollar at around current levels, the continuing weight of the huge U.S. current account deficit would sooner or later dictate a further dollar fall.

weighted basis at 73.2, up from Friday's close at 73.0 and compared with 72.7 soon after release of the trade figures last week.

Earlier in Europe, the dollar was

The dollar closed in Zurich at 1.5130 Swiss francs, up from 1.5115 (UPI, Reuters)

At the same time, the committee

cases where medium-tire debtor

countries had taken such steps and

improved their creditworthiness -

only to be rebuffed by the banks

when they sought easier credit terms. Other IMF sources said that

Asked about such cases, the

managing director of the IMF, Mi-chel Camdessus, said that the fund

would "suggest special care" on the

part of banks to ensure that the

progress made in these smaller

countries is not jeopardized by "the slowness" of the banks to act.

said that "even if we have to stay

29 111% 11 14% 120% 1514 20% 20%

.34 3.3 .40 2.7 1.81 8.9 .50 2.5

Mr. Camdessus, asked about the

Costa Rica was a case in point.

## Japan's Output Declines 0.6%

Compiled by Our Staff From Dispatche TOKYO - Japan's industriproduction in Augost dropped by 0.6 percent from the preceding month, seasonally adjusted, but rose 5.5 percent over a year earlier, the government said Monday in a prelimi-

nary report. The decrease from July was chiefly caused by two more holidays than in the preceding month, officials of the Ministry of International Trade and Industry said. Output had risen a

revised I percent in July, The August index of mining and manufacturing stood at 125.8, against 100 for the base year of 1980, the ministry said. Officials said that industrial production was expected to rise 6.3 percent in September over August, but drop 2.7 percent in

Unadjusted, output rose 5.5 percent in August from a year earlier. (AFP, Reuters)

Committee denied Monday that

there was an "impasse" blocking

Mr. Camdessus's effort to triple the

pool of money that the IMF makes

available to severely impoverished

countries. He acknowledged that

donor countries bad not yet agreed

how to share the burden of the

extra \$6 billion, but predicted that

an end-of-year deadline would be

Finance Minister Edouard Bal-

ladur of France said Monday that

France was ready to contribute \$500 million to that fund.

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# FISH: West German Industry Founders on TV Program on Worm Hazards

(Continued from Page 1) the health hazard posed by worms sturmed by that reaction. and researchers hired by Monitor said that they had found live worm larvae in jars of pickled herring

taken from supermarket shelves. The show concluded that the voluntary regulation of West Germany's fishing and fish processing industry was ineffective, and called for federal laws to control the in-

dustry and protect the public. The immediate reaction was more drastic: The West German fish market collapsed overnight. "Sales on the coasts fell by 50

percent; inland they fell by 80 per-cent," said Harst-Günter Wyremba, spokesman for the Fischwirtschaftliches Marketiog-Institut, a government-funded industry association created in the 1960s to promote fish consump tion. "Auction prices were halved. Foreign fishermen began avoiding Bremerhaven because prices were so low. Many of our own fishermer could no longer cover the cost of

bringing fish to auction." The federal ministry for health reacted two days after the program by ordering fish imports inspected.

It is preparing regulations on fish processing, designed to control the worm problem, which are expected to go into effect by mid-October, a

longer with the strategy, every-body" expects "that the solution can finally be obtained. This is to make the point that even if we take make the point that even if we take "7.7 billion Deutsche marks (\$4.2 billion Deut percent higher in the first six months of 1987, Mr. Wyremba said. West Germans annually eat 13.2 kilograms (29 pounds) of saltwater fish per person, according to government statistics. (That compares with Japan's world-leading per capita consumption of 70 kilograms.) Since the broadcast, auction

prices have, in general, recovered, with a pound of salmon again bring-ing from 1.19 DM to 1.30 DM at anction, instead of the 60 to 70 pfennigs of early Angust. But sales vol-ume remains paltry. Consumers are still shunning fish.

Even Monitor's creators were Whether the worms pose a serious fish for over 40 years, and is a health threat is debatable. But Mon-familiar figure in the auction half. "We expected some reaction, that iter and industry officials agree that fish sales would fall by maybe 10 fish have always had worms, and

percent for a while," said Jürgen that they pose no threat if the fish Thebarth, a Monitor editor who was are deep-frozen or thoroughly the author of the July 28 program. cooked if fresh. "But we never imagined the con-sumer reaction would be so inten-worms is disputed. Monitor linked it

percent. I was down to three or four workers, but I just called back one of the four workers I had to lay off. There are no worms in my fish. Wa

We expected some reaction, that fish sales would fall by maybe 10 percent for a while. But we never imagined that people would actually change their eating habits.'

- Jürgen Thebarth, author of TV program

actually change their eating habits." He said the program was intended to point out the need for changes that would improve the industry. hosts for round worms, have connot to threaten its existence.

"We felt we had to present the facts that the oumber of fish with worms is rising, that live worms have been found in fish products and that the worms can be harmful to a person's health," he said. "There was no way to anticipate the enormous metha echo the show caused." But Mr. Wyremba, of the Fisch

wirtschaftliches Marketing-Institut, said that Germans "tend to overreact, and when Germans do things. they do them thoroughly. That can be a very positive characteristic. In this case, it's negative.

"Monitor's pictures shocked people. It aroused widespread disgust and touched on their health fears. There have been 60 documented cases of these worms in humans over the past 18 years here. Given that West Germans ate 7.5 billion fish meals in 1986, is hardly a health

threat. It was clever manipulation, designed to destroy an industry." Mr. Thebarth rejected that notion but admitted that the fishing industry has been devastated. To him, it was a dilemma that was decided in favor of the public's health, with the unfortunate side-effect of harming

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sive and radical, that people would to higher concentrations of fertilizer in the sea. The industry believes that laws banning the hunting of seals and some whales, the most common

> tributed to the increase. The changes sought by Mr. The-barth, which inclode removing more of a fish's stomach just after it is caught, to eliminate many of the worms, are already fairly widespread in the industry, experts said.

> But if the situation does oot improve soon, it may become a drasti-cally smaller industry. Mr. Wyremba estimated that about half the 30,000 jobs are threatened. The damage has been amplified

by the predominance of small- and medium-sized companies, said Reinhard Wirtz, a member of the Bremen Senate, which has jurisdiction over Bremerhaven, The Senate has made about 1.5 million DM svailable to help fishermen freeze and store their catches until prices improve, and is offering small com-DM to help tide them over.

"Unfortunately, these companies, with fewer than 400 or 500 workers, run into serious financial trouble very fast," Mr. Wirtz said. 'Many of them may oot survive." Heinrich Koch GmbH in Bre-

ly to be a slow process, Mr. Wyr-emba said the federal government has pledged about 1 million DM for an advertising campaign countering the bad publicity, but does not expect it to get under way be-fore the end of October. In the Bremerhaven auction ball,

no one wanted to hear about that. panies interest-free credits of 5,000 The fishermen had their own idea of how to cope with the problem.

"We've had enough of worms, enough of reporters, photographers and TV cameras," said one fisher-man, who refused to identify himself. "What we need is for people like you to go away and leave us in merhaven is a typical smaller com-peace. Then people will forget pany. Heinrich Koch has been buy-about this garbage and begin to eat ing, processing and selling fresh fish again."



Via The Associated Press

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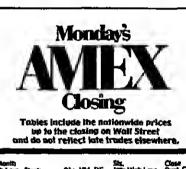
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by Henri Arnold and Bob Lee

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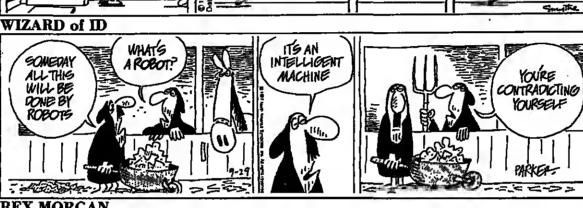
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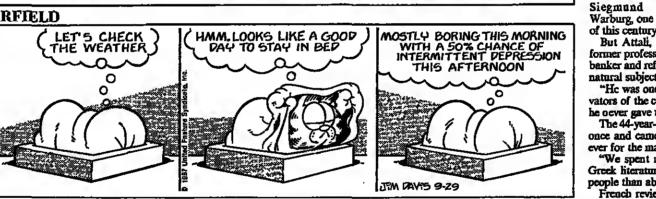
SARGE AND LOUISE LUGG YES, THERE'S NOTHING LIKE A COMMON SEEM TO BE GETTING INTEREST TO BRING ALONG BETTER PEOPLE TOGETHER











**BOOKS** 

A MAN OF INFLUENCE: The Extraordinary Career of S.G. Warburg By Jacques Attali. Translated by Barbara Ellis. 380 pages. \$22.50. Adler & Adler, 4550 Montgomery Avenue, Bethesda, Md.,

Reviewed by Jeffrey E. Garten

WHEN Sir Siegmund Warburg died oo Oct. 18, 1982, The Times of London eulogized him as the principal force behind the British capital's emergence as the center of international finance in the 1960s and '70s. It praised this financier, who fled to England from Hitler's Germany in 1933, as being more concerned with banking as a profession than as a means of self-enrichment. This, too, is the admiring picture painted in "A Man of Influence" by Jacques Attali, a top economic adviser to President François Mitterrand of France. In fact, "A Man of Influence" was originally

ublished in France in 1985 amid raised eye brows that a Socialist economist would write a biography that so flattered one of this century's great capitalists. Perhaps a bigger surprise is that the story could be told at all, given Warburg's legendary secretiveness. He left behind very few letters, and it is said that during his career he gave only two public interviews.

The lack of source material goes a long way to explain why Attali focuses as much on broad social and historical issues as on Warburg himself. At least half the book is a fast-moving history of international European finance from the mid-1800s to Warburg's death. There are accounts of the dramatic rise and the crushing collapse of Germany twice in this century. There is the saga of the birth of the Euromarkets, the emergence of international corporate takeovers, the changing role of England in world trade and finance.

Against this background Attali provides a glowing account of Warburg's accomplishments. On a political plane Warburg counseled more than one British prime minister. He was a supporter of British retrenchment abroad to reduce payment deficits. He backed Palestine as a sanctuary for Jewish refugees and advocat-ed early British membership in the Common Market. Despite Warburg's efforts, however, he was always very much an outsider—never a part of any government as was, say, Bernard Baruch in the United States, or otherwise as close to political power as were the Rothschilds in England and France.

Bot in business Warburg had few peers, and it is in the description of his financial innova-tions that the story becomes particularly intriguing. After World War II, for example, Warburg positioned himself between individual shareholders of British companies and the government, helping to facilitate a wave of

port industries. In 1956, he was the belief behind the first postwar European boxes in the United States for the European in the United States, for the European and Steel Community. He then became architect of the first major hostile trans-At tic takeover, helping Alcoa to gobble up had a company — IRI, the signment ian state holding company — to the Eurob.

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Aside from its tone of uncritical admira the book's major shortcoming is that Wary as a person is only superficially develor Attali quotes one of Warburg's favorities and the superficial warburg's favo from Oscar Wilde: "In this world there only two tragedies. One is not getting what wants and the other is getting it." There is enough said here about what Warburg & get. As a Jewish emigre, he was forever him against the entrenched hierarchy of he society. Did he resent the battle, and di ever feel he had truly won? After World II, he was constantly trying to rebuild his to Hamburg and Frankfurt. But how dis really feel about Germany after Hiller? sessed with seeing the Warburg empire shi from New York to London to Tokyo, great was his anguish when his only son d

ed to set up his own firm of consultan Although Warburg died less than five ago, Attali's story is very much one of ormal ping circles between private means and pininfluence in a bygone era. Warburg before to a generation of Jewish financiers might be a generation of the generation of the generation of the generation of cloded men like the late Sidney Weinberg senior partner at Goldman, Sachs who out as a janitor's assistant, and the lite Meyer, the managing partner at Lazard who began as a rimner at the Paris is exchange. Each accumulated great without inheritance and great public infin. without ever holding a government post in became rich and powerful by cultivating personal relationships with corporate and litical titens, and by captivating these ! people with his financial shrewdness. For men, influence resulted almost exclus

Today, of course, the connection bend 10. A private money and political power still but the financial landscape is dominated orchestrated less by individual persons, than by megafirms with billions of dollars. capital and many thousands of people the San necessary to compete in today's 24-hours and in a word market. Whatever the impact of financial glomerates on world politics and financial thing is certain: The current scene world have been Siegmund Warburg's cap of the

Jeffrey E. Garten, an investment banker is last former State Department official, wrote the view for The New York Times.

# ABOUT THE AUTHOR

## Unlikely Subject for Socialist Wunderkind

By Steven Greenhouse-

New York Times Service **PARIS** As one of France's Socialist Wunderkinder, Jacques Attali - right-hand man to President Francois Mitterrand and author of a dozen books - might not be expected

of this century's shrewdest capitalists.

But Attali, a shy, sometimes mischievous former professor, said the London investment banker and refugee from Nazi Germany was a

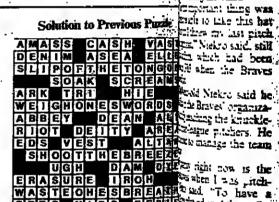
ities between the two men undoubtedly grown seasons for the author to his subject.

ities between the two men undoubted the control of the author to his subject.

Like Warburg, Attali enjoys working be the scenes in politics—he was France's the arranged of Ang. at the Venice Economic Summit.

And like Warburg, the author is leaded to the arranged of Ang. at the venice are released to the history and finure of the Jewish we are in a control of the Jewish we are the released to the history and finure of the Jewish we are the control of the merchant who had wanted to be a rable of the release of the merchant who had wanted to be a rable of the release of the merchant who had wanted to be a rable of the release of the merchant who had wanted to be a rable of the release of the merchant who had wanted to be a rable of the release of

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natural subject for him.

"He was one of the greatest financial innovators of the century," Attali explained, "and he oever gave up being a real scholar."

The 44-year-old author said he met Warburg once and came away with more respect than ever for the man. "We spent much more time talking about Greek literature and the future of the Jewish people than about his life," Attali said. French reviewers of the book said similar-Teremie **World Stock Markets** Sept. 25 17.50 17.10 54 44 24.50 23 92.50 68.30 9,70 9,19 bols via AP

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# Ryder Cup Losers Get Long-Range Lesson in Winning

By Thomas Boswell

"DUBLIN, Ohio — If the Ryder Cup really were the merica's Cup, then Jack Nicklans and his U.S. golf team ould be treading water, because on Sunday the boat sank. U.S. golf will need years to regain the prestige it fumbled way on a glorious autumn day. What happened at The Belfry England in 1985 might have been a mustake, but Sunday's by were tougher, hungrier, smarter, more poised —qualities increases like to claim for themselves and their athletes.

Unfortunately, the day will have its symbolic man — Ben renshaw. He will spend the next two years, at least, explainis how he broke his putter in anger on the sixth hole and rentmally lost, 1-up, to Eamonn Darcy of Ireland. Darcy had be won a Ryder Cup point, or half-point, in 10 matches; and brief to hand back this match to Crenshaw. But Crenshaw, ke most of his teammates, was too shaken to take it.

le most of the tenuments, was not anather to take it.

Broope won by a three-day score of 15-13, and, as Mark
alcavecchia said, "That means any one match cost us a tie—
"I we're all to blame. But Crenshaw's indignity was special.
"I three-putted the sixth hcle," said Crenshaw, his eyes still scant as he sat among his teammates during the presentation remony. "As I was walking off the green, I saw a walmut on he ground and jabbed at it" with the tip end. "I told Jack, Tve one that a million times." I wasn't mad. The shaft is thin thyway and the putter is old. I've had it since I was I5. The ing just broke in half. I felt like somebody had taken a gun

and shot me. It took me four holes to get over it."

By that time, Crenshaw had made three bogeys and issed two short putts. He rallied and Darcy wobbled, but, issed two short putts. He rallied and Darcy wobbled, but, hen it counted most, with the U.S. player 1-up with two can things will happen because of this week," said Europe's nonplaying captain, Tony Jacklin. "Like a more generous indements and Darcy needed only pars to be a continent's are. Asked about Crenshaw's adventures later, Darcy said:

What hydren putter? I never noticed." What broken putter? I never noticed."
In the long run, this Ryder Cup may be an enormous boon

both U.S. and world golf. Come 1991, the next time the cup has polite as the ones here that cheered Ian Woosnam as if he Nicklaus. "I can't understand why players like Seve Balles-home without it.

were from Kansas City and José-Maria Olazabal as if he'd teros would not be welcome at any U.S. tournament. We're gone to Ohio State.

Tom Kite. "We should choose our team the way they choose petition]. A sport is built on stars, winners, heroes. theirs, with the captain able to make three wildcard picks [out of 12] so you get your best team."

Even the gracious Nicklans admitted that he "would have loved to have had a Lee Trevino or a Tom Watson or a Ray great was an exclamation point. The Europeans won because Floyd —guys who have the chance to be a shot or two ahead

> I hope this wakes up our tour to our archaic rules. I can't understand why players like Seve Ballesteros would not be welcome at any U.S. tournament. . . . A sport is built on stars, winners, heroes.'

> > - Jack Nicklaus

Jack Nicklaus. After all, six of the U.S. players had never won a major title and four others had only won one. That means Seve Ballesteros had as many majors as 10 members of the U.S. team. That's a serious charisme gap.

Much is out of balance in pro golf and Europe's back-to-

top 25 on the U.S. tour.
"I hope this wakes up our tour to our archaic rules," said.

automatic exemption to a European player — to that tour's top money winner. The British Open offers free spots to the

me to Ohio State.

"We've done everything to give them an advantage," said through 200th players on the PGA tour [from foreign com-

Nickians also would like to see the European and Far Eastern tours played more often by U.S. golfers. He believes a young American in Europe has a far greater chance of winning than he does at home. "Winning breeds winning," he said. "The more you experience that pressure, the better you cope. on the first tee just because of who they are." Or, of course, a So many of our players only win [on the PGA tour] once every two years. They're great players, but they don't get that winning experience. So when they come to the 18th hole, like some matches we had today, they aren't as prepared to win."

True. But it's also true that too many U.S. players of the 1980s tend to be bloodless and chilly in style. Match play is foreign to them. If you win once a year on the U.S. tour, that's enough to stay rich.

Too many top U.S. players don't have the caddie-shack, hustler, hard-scrabble backgrounds that define Bernhard Langer, Ballesteros and Woosnam. It's the foreign players

who now have that Trevino swagger.

By the time the next Ryder Cup rolls around, the allexempt PGA tour should be history. Let the exempt list dwindle from 125 to 90, or even 75. Make the competition tougher, and the players will get tougher. And open the PGA Tour to far more top foreign players. If that drives Ameri-cans to the Spanish Open, fine. Maybe they'll learn to travel, learn to putt on uncertain greens, learn to ignore high winds and learn to win.

Finally, let the next U.S. captain use the same selection system as the Europeans: three wildcards at least. Even when they're long of tooth, the immortals tend to love match play and team play. The one yip, the one had swing that ruins a medal round no longer unnerves them. They can let their decades of knowledge come to the fore. The national mania that surrounded the America's Cup in

1987 was not present at this Ryder Cup. But, given two years for U.S. hackles to rise, it may be present in 1989. On to Birmingham, England. The Ryder Cup: Don't come



#### Pate Wins a Doubleheader

David Pate, ranked 19th worldwide and fifth in the United States, upset Stefan Edberg of Sweden the world's second-ranked player, in the final of a tennis tournament Sunday in Los Angeles - and then teamed with Kevin Curren to beat Brad Gilbert and Tim Willeison in a straight-sets doubles final. Downing Edberg by 6-4, 6-4, Pate, 25, became only the fifth U.S.-born male to win a grand prix tournament in 1987. He lost two sets in five matches en route to his first victory since 1984 in Tokyo.

AMERICAN LEAGUE

# Niekro: A Brave at the End and to the End

ATLANTA — It was Phil Niek-

ATLANIA and the San sales appearance, but the San ancisco Giants had the last word nday as they shelled the Atlanta nday as mey smart at least a least a least a

me that he had thrown his last nekleball, wobbled through ree scoreless innings before givup a double, two singles and THO walks in the fourth and being hed by Manager Chuck Tanner. The Braves had asked Niekro to

ke a final start for the team in the state of the same of the s ives since the 1983 season. He d played through 20 seasons for Braves in Milwaukee and At-

Niekro had last pitched on Aug. two days before he was released the Toronto Blue Jays. fle had asked that celebrations

nday be kept to a minimum. The by special event was a videotaped "ate shown on the stadium score-" and when Tanner lifted him. The '-- inager was booed by the crowd 26.019.

-Nickro received a series of standovations during his stint. The most important thing was

me to be able to take this hat Lu . : : [ aring this bat," Nickro said, still his uniform, which had been the 48 year-old Niekro said he

ıld stay in the Braves' organiza-, initially teaching the knuckleto minor-league pitchers. He d he hoped to manage the team

My priority right now is the ne as it was when I was , itch-" Niekro said. "To have a brid Series played in Atlanta." During his 23 major-league sea-les, Nickro compiled a 318-274 ord, placing him 12th on the eer list for victories. He and his

ther Joe hold the major-league ord for most victories by broth-. The only Braves pitcher with re victories is Warren Spahn. d although the Braves twice won

n his final start, Niekro coaxed ) flies out of the first two Giants faced, then walked the bases

loaded and hit into an inning-end-ing double play. Later, Brenly said Niekro's knuckleball looked as baffling Sunday as it did when he last

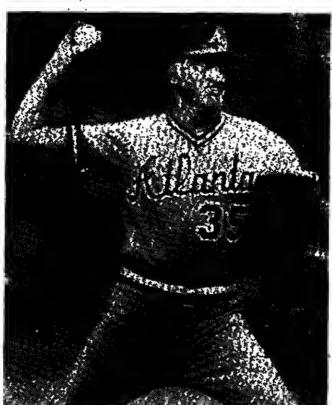
"He threw one to me that started i for the National League West
le.
Out high and inside and broke right
over the plate," Brenly said. "Strike
one. No rotation at all. Two pitches later he threw another one - same location - and I started to go after it. It almost hit me in the chin. It broke up and in."

Brenly said he turned to the home-plate umpire, Terry Tata, and said, "This isn't fair."

Niekro got through the third inning giving up only a single, and the Braves scored five runs in the bottom of the third on a two-run single by Dale Murphy and a threerun homer by Gary Roenicke. But Niekro did not retire a batter

in the fourth and left the game with two runs in and the bases loaded. The next batter, Candy Maldonado, hit a grand slam pinch-hit home run off Chuck Cary.

"I'm not embarrassed by the fact that I gave up four or five runs and walked five or six and couldn't get anyone out at times," Nieloo said. "The most important thing is that in years to come, whenever I look back



at my career, I can say I threw my last pitch with the Atlanta Braves." Phil Niekro: The "most important thing" was the hat trick.

# LaPoint's Two-Hit Shutout Eliminates Athletics From Western Division Race

OAKLAND, California - Chicago Manager Jim Fregosi was mightily impressed by the performance of Dave LaPoint after the happy enough with the two-hitter. White Sox left-hander blanked Oakland, 5-0, on two hits Sunday

to eliminate the Athletics from the League's Western Division. "It could have very easily been a take it." no-hitter," Fregori said.

Oakland's first hit, by Terry

Honeycutt's no-hit bid with a oneconsecutive games.

Steinbach in the fifth, was a out home run in the sixth, his minth

For the third time in his streak,

center fielder Ken Williams gave futile chase. "Hill didn't move real good on faced, then walked the bases ded before being saved by third eman Ken Oberkfell, who made little, but that's a tough sun field."

BASEBALL ROUNDUP

happy enough with the two-hitter. as losing streak to six.
Those two balls could have been Dodgers 4, Padres 3 canght," he said, "but if we had a third baseman with better range pennant race in the American than Donnie Hill out there today, we might not have scored, so I'll

grounder just beyond the reach of of the year. Before the game was third baseman Donnie Hill. Mike over, the White Sox hit three more ision titles during Nickro's years Gallego's two-out double in the homers. Ivan Calderon hit his 27th h the team — in 1969 and 1982 eighth was a high fly that bounced and 28th, driving in three runs, while the club did not make a World over the fence in right-center after Carlton Fisk followed Calderon's

Oakland has lost seven straight

run homer off Mitch Williams in the eighth gave the Mariners their third straight victory and extended a Tex-

Dodgers 4, Padres 3: In the National League, in Los Angeles, John Shelby's bases-loaded double withtwo outs in the eighth lifted Los Angeles over San Diego as the Padres' Benito Santiago extended his

Santiago got the necessary hit in his last at-bat - this time a clean single between third and short on a 2-2 pitch from Fernando Valenzuela. Santiago's run is the second-longeighth-inning shot off reliever Gene est of the season (Milwankee's Paul Nelson with his 22d of the year. Molitor hit in 39 straight games).

"I relaxed myself when I went to games at home and seven straight the plate the last time," Santiago to the White Sox. "The way we are said. "I knew I was 0-fox-3, but if I eman Kan Oberkfell, who made ittle, but that's a tough sun field."

Ittle, but that's a tough su

# **SCOREBOARD**

N9: Boyes, Boston, 280; Puckett, Minnese-in, 600; Seitzer, Kaneas City, 190; Trenmell, Dertolt, 196; Yount, Alliwazies, 180. Destent Bosse, Boston, 40; Matthely, New York, 20; Matthe, Allivauxies, 25; Defeom, Boston, 37; Whiteler, Delrait, 37, Triules: Wilson, Kaneas City, 16; P. Brad-ley, Seottle, 10; Pekrais, Dakines, 18; Yount, Milley, Seottle, 10; Pekrais, Dakines, 19; Yount, Milley, Seottle, 8; 7 year Hall with 2

Nwockes. 8: 7 are fled with 7, Hernie Isses: McGwirn, Ceizgod, #2 G. Bell, Forente, #7: Det. Evens, Begins, #4: Hrbek, Minneacto, #4: De. Evens, Detrait, #3. Stelles ginner; Haynolds, Seattle, \$5; Wilson, Commun City, #2: Hacker, Chicage, #6; Molitor, Albuculum, #4: R. Henderson, New York, 39.

PITCHIMO (14 decisions)
Wes-Lett/Winnies Pct/ETA; Musselmon,
Toronto, 12-4,730, 2,92; Kay, Teronto, 17-4,729, 23) Corythi, Torondo, 13-4, 232, 4,447 Clemens, eaters, 18-9, 447, 2,17; Higuero, Allimoukon

Ell Lat Derwien, Chicago, 132; Wolloch, Manfreel, 117; Schmidt, Philodelphia, 109; J. Clortt, St. Lauk, 164; D. Murphy, Affords, 109; McGee, Bl. Lauis, 104; McGee, Bl. Lauis, 104; McGee, Bl. Lauis, 104; McGee, St. Lauis, 106; Wellach, Deubles: Golorrupe, Mentreal, 40; D.Smith, St. Lauis, 174. Medien, St. Lauis, 37. Tryfriag: Earnuel, Philodelphia, 13; Gurran, Marphy, 84. L.—Knepper, Andersen (81 and Aleris; Rosmus-St. Lauis, 10; Wellach, New York, 37; McGee, St. Lauis, 37. Tryfriag: Earnuel, Philodelphia, 13; Gurran, St. Lauis, 10; Wen Style, Philodelphia, 18; Gurran, St. Lauis, 10; Van Style, Philodelphia, 18; Gurran, St. Lauis, 10; Coleman, St. Lauis, 10; Coleman, Murphy, 84. L.—Knepper, 817, Su—Franca (1), Hay-Houston, Beas (19), Particular (1), St. Leels, 11; Coleman, St. Lauis, 10; Coc, Tannell (5), Davisor (7), Smith (8) and J.Davis, M. Lauis, 10; Stroeter, 10; Philodelphia, 10; Gurran, St. Lauis, 114. Son Diege, 55; Hercher, Houston, 51; E. Devis, Cincinnoti, 50; Wolnes, Montreal, 30, Montreal, 114, 326; Geoder, New York, 15-7; Ast. 2-12; Durne, Philodelphia, 10; Montreal, 10; Montreal, 10; Montreal, 114, 347, 430; Geoder, New York, 15-7; Ast. 2-12; Durne, Philodelphia, Montreal, 10; Montreal, 114, 347, 430; Geoder, New York, 15-7; Ast. 2-12; Durne, Philodelphia, 10; Montreal, 10; Montreal, 114, 347, 430; Geoder, New York, 15-7; Ast. 2-12; Durne, Philodelphia, 10; Montreal, 114, 347, 430; Geoder, New York, 15-7; Ast. 2-12; Durne, Philodelphia, 10; Montreal, 114, 347, 430; Geoder, New York, 24; Montreal, 114, 347, 430; Geoder, New York, 25; Montreal, 114; Montreal, 11

#### Baseball

#### Major League Leaders Sunday's Line Scores

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Schrom. Easterley (4), Gardon (4), Stewart
(7), Jones (9) and Dornett. W.-Sutton. (5-1).
L.-Schrom. 4-12. NRs--Cleveland, Dornett
(1). Castillo (11).
New York Buttianore 100 000 513-0 14 2
John, Clements (7), Allen (7) and Cerone, Skinser (7); Bellord, Williamsen (7), O'Connor (7), Nicolaniusr (8) and Nichols, W-O'Connor, 1-1, L.—Clements, 3-3, 54--Mictentucr (11), HRs-New York, Henderson (16), Beltimore, Sheek (30), Delreit 100 000 000 610 6-6 6 0 C. Alexander, Hernandez (11), Hennaman (11), Thursman

Taristo 108 000 000 618 6-6 6 Alexander, Hernords (11), Henorestan (11), Trumond (13), Notes (12) and Nokas, Heath (11); Clancy, Heats (0), Wells (10), Manachman (11), Kinez (12), Elchiom (13) and Whitt, W-Hanneman, 10-3, L—Nunes, 52, 5v—Notes (2), NRs—Detroit, Giben (23), Every Moles (2), NRS—Detroit, Giben (23), NRS

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Houseycurit, 1-3. HRs.—Chicose, Hill (9), Calderon 2 (28), Flak (20).

Tomas

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Bentin

Horris, Williams (7) and Petrylit, Slouchit
(81; Camebell, Powell (7), Reed (01, Wilkinston (8), Tryllis (8), huene (9) ond Valle, S.Brockey (7), Horrar (9), W-Tryllis, 4-4, L—Williams, 9-3, 50—Noraz (12), HRs—Seot-

| Gerrano, S.D. | 151 572 117 211 248 | Contraro, L.A. | 145 529 | 65 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 236 | 178 23

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Montroof, 1157 Chierron, St. Louis, 117; Alentreel 122 809 828—5 12 9
Gwynn, San Dieso, 117; Samuel, Philadelshia, 111.

Eli Liz, Dawsen, Chicago, 122; Walloch, Mantreel, 117; Schmidt, Philadelphia, 109; (8), Calhour (9) and Parrieh, W.—Porrett, 6-5.

#### Transition

BASSBALL

ATLANTA—Activoral Refeel Remirez

shortate, from the 21-day disabled fist.
FOOTSALL
Cassadian Feetball League

ERITIEN COLOMBIA—Activated Joe Gertola, wide resilver, from the practice rester, interest john Ulmer, lineboder, from the serve list, Pleased Jon Carinel, slotback, and craid Raper, guard, on the passerve list. Geroid Raser, suord, on the reserve list.

CALGARY—Activated Cort Roded, suorterbock, and Miles Potentho, oftensive hockle,
from the seachies nater, Activated Chris Malor, cornerbock, and Krity Warren, ranning
back, from the reserve list. Placed David
AlcCrary, cornerbock, and Trin Petros. running back, on the reserve list. Placed David
AlcCrary, cornerbock, and Daug-Hollie, defersive and, Placed Ron Wheele, light end, on
the suspended list.

HAMILTON—Activated Alvin Balley, defersive back; Blevs Jackson, stathack, and
Poul Ospaddeton, kicker, from the procitor
reser. Activated Rondy DiPletry, slethack,
and Mitchell Price, defensive end, from the Seroid Raper, guard, on the reserve list

and Mitchell Price, defensive and, from the reserve list. Placed Pete Catan, defensive and Dave Souve, defensive trackle, on the reserve list. Pioced Earl Johnson, Konny King and Jeff Johnson, runking backs, and James Recklord, defensive back, an the proc-tice rester. Reteased Bernie Rustl, Idober. 07TAWA—Activeted Codric Maller, rem pins back, and 8ob Sebrine, Ilhebader, from the practice rester. Added Ken Pard, Steve Horrisoned Anthony Woodon, Inebackers; Rebert Reld, running badu; Marv Allemona, Gentler, and Brad Taylor, quarterback, to the

ractice rester.

SASKATCHEWAN—Activated Gary Law-L defendive tackie, from the practice roster. Activated Alon Johns, Selensive and, From the reserve list, Placed Tracey Mack, Snebacker, on the reserve list, Placed Mick Hebsier, de-fensive end, on the Infured list, WINNIPEG—Released Sheldon Goines, wide receiver; Mitte Kelley, quarterback; Bielse Nill, effensive tackie, and Pete Rilay, defensive back. Activated Ken Pettyety, de-leased to the from the practice rester and

Gree Bottle, Enebacker, from the reserve list Placed Ken Holley, defensive back, and Dar

MONTREAL—Signed Brion Hayward and Vincent Riendebu, southenders, and Brion Skrudfand, center. N.Y. RANGERS—Assigned Jim Leavins.

Roady Gilhen, ferwards, and Bob Dollas, de-lesseman, to Mencion of the American Heck-

MIPT COUNCIL-UP

# Tennis

(At Les Angeles) David Pale (1), U.S., def, Stefan i David Pale and Kevin Curren, U.S., del trad Gilbert and Tim Wilklam, U.S., 4-3, 4-4

WOMEN'S TOURNAMENT Morting Navratileva, U.S., def. B

Potter, U.S. 42 44 Pem Shriver, U.S., def. Zina Garris

# Major League Standings CFL Standings

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Football

**European Soccer** 

SPANISK FIRST DIVISIO Mojorca 4. Legranes 0 Sobadeli 8, Calta 0 Codit 8. Zarrosata 2 Oscesna 0, Gijan 0 Altatica Modrid 1, Betts 0 Volencia 2, Murcia 1 Sevilla 1, Valladolid 0

Points: Real Madrid 10: Valencia 9: Athlet

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# ANTE SECRETARION OF THE SECRETARION OF HEAVY BREATHER - Free agent Paul Dufault second week, owners plan to field teams this weekend

seemed to have a hard time getting excited about being in with nonstriking rookies, free agents and union members the Los Angeles Raider training camp in El Segundo, who cross picket lines; the owners have said that substi-California. With the NFL player walkout entering its tute games, beginning Sunday, will count in the standings.



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# 

# **ART BUCHWALD**

# Making It in Paris

International Herald Tribune in to lunch?" Paris this week and I'm here for tested. "I still have relatives in Pathe party.

I'm proud to say that I have been continuously associated with the Trib for 38 years. Fourteen of them were spent in Paris and were the happiest years of my life, except for the first three, when I lived there as

a bachelor. I went to Paris as a student in late 1948 and lucked out hy getting a job oo the Trihuoe in early 1949. The posi-

tion was restaurant and nightclub critic and the pay was \$25 I had impeccable credentials

for reviewing Freoch restau-Buchwald to Paris I had dined for three years in U.S. Marine Corps mess halls. Then for three more I ate in the school cafeteria at the University of Southern California, and finally, in Paris I took my meals in Mootparoasse at a Polish cooperative called

the Hôtel des Etats-Unis. Writing about food in Paris was no problem. But wines were a little trickier. So I did what almost every American in France was doing at the time - I faked it. I was told by friends that if the wine bottle had a neck it was a Burgundy, and if it had shoulders it was a Bordeaux. When it came to distinguishing reds from whites it was every man

To make the gournet joh less boring I took along an Irish-American lady from Warren, Pennsylvania who offered to tell me what dishes were hot and what ones were

п

The key to the good life in Paris was writing about restaurants. If someone wanted to eat well, he had

One time the late Aga Khan called and asked if I could recommend a good restaurant. I said I would go one better and take him there. We had a great lunch and when the check came there was no move on the Aga's part to pick it up, so I took it. When I handed in my expenses, the feisty manag- has a right to tag alone.

ANNOUNCEMENTS

**USADIRECT** 

Calling the U.S.

PARIS — They are celebrating ing editor, Eric Hawkins, said, the 100th anniversary of the "How dare you take the Aga Khan "I had to," I prokistan."

> The Trib didn't keep me on the food heat forever.

> I started covering other stories of interest, such as the wedding of Grace Kelly and Prince Rainier, the coronation of Queen Elizabeth, the feud between Aristotle Onassis and Stavros Niarchos, the state visit to Paris of Roy Cohn and David Schine, the opening of the Istanbul Hilton, the discovery of the Dead Sea Scrolls in Israel, the breaking of the "Six Minute Louvre" record, and Elizabeth Taylor's futile attempt to walk through the Roman Olympics without getting pinched.

> l also covered the International Set, which had only the most beautiful women as members. (It was French law.) Unfortunately there was this Irish-Americao lady from Warren, Pennsylvania, who kept following me around, so I never could sit down with them and get their real stories. It was a time of turmoil on the Conti-

> I almost had a duel with the movie producer Walter Wanger over "Joan of Arc." James Hagerty, President Eisenhower's press secretary, took me to task for writing a spoof of his press briefings, and I got caught crashing a fancy cos-tume party in Venice dressed as Louis XIV.

I meotioo these things not to hrag, though anyone who has ever worked oo the International Herald Tribune tends to do a lot of that sort of thing, hut rather to show you why I'm so happy to be part of the 100th anniversary cele-

You cannot record to Paris after having lived there for 14 years without getting teary-eyed. To celebrate the anniversary of the Trib I want to go back to all the fleshpots and low life I knew when I was a

boy columnist. The trouble is there's this Irish-American lady from Warren, Pennsylvania, who keeps insisting since she was the only one who would eat with me in Paris 38 years ago she

# The Invincible Katharine Hepburn

By Barbara Lovenheim New York Times Service

r EW YORK — Ever since Katharine Hepburn won the first of her four Academy Awards, for playing the role of a stage-struck tomboy in "Morning Glory" in 1933, she has wooed audiences with her unique hlend of sass and class. Unlike many other actresses who have faded from view, she has taken on some of her most memorable and significant roles late in life - she won three Oscars after she turned 58, for her performances in "Guess Who's Coming to Din-ner," "The Lion in Winter" and

"On Golden Pond." Now, still invincible as she approaches her 78th birthday, she has just gone to Vancouver to make another film, "Guest Appearance," a television comedy by James Prideaux about a crusty oewspaperwoman who thinks she knows everything.

She also made her long-awaited debut this month as an author with the publication of "The Making of The African Queen," or How I Went to Africa with Bogart, Bacali and Huston and Almost Lost My Mind" (Knopf), a 129-page memoir illustrated with 45 photographs that re-creates her sojourn from the moment the producer Sam Spiegel called her and gave her the script. The book is now 11th on The New York Times list of nonfiction best

"I'll oever do the kind of book that people try to do on me — they're all slightly cockeyed be-cause they cootain stories that just aren't so," Hepburn said recently in her town house in Manhattan, where she has lived for more than 50 years.

"But what a person has learned about life is interesting to me," she said. "And what also interests me are films that were really disastrous, or too successful, or where something terribly funny happened. And I decided to write about 'The African Queen' because it was funny.

"It was a fascinating story of how people juggle their own per-sonalities and how they wind up. And I thought it should be published alone because it would be such a really clever book. With all a box of candies with all your favorites in it."

Over the years, Hephurn has attained the mystique of a culture hero because of her outspoken views on women and abortion, her distaste for sham and convention and her fierce determination to be her own boss and protect the privacy of her 27-year liaisoo with

Spencer Tracy. Even so, she is first and foremost an actress who has made more than 40 films and five television movies and has appeared in more than 30 stage productions ranging from musical comedies to Shakespearean dramas.

Films, she laments, are running amok because too many filmmakers confuse realism with the seamy aspects of life - they have lost sight of the heroic qualities and romantic vision that are also part and parcel of the human experience. And they simply aren't dramatic.

"It's gone from storytelling to shock — or a series of shocks," she said. "Some films are brilliant - such as 'Platoon,' but some make oo sense at all - they're studies in pornography. "It seems a kind of sadism and

thrashing depravity of people's private lives - and you just go mad. Because if sex reduces itself to four-letter words and visual stimulation, that is sad, because love and excitement are so far away from that. What can life be if we see no beauty in it? What magic is it that makes us like and trust and slave for someone? I have found a lot more excitement and wonder and beauty in life than is now being handed to me in

"Some of the things done today are funny — such as 'Toutsie' or 'Annie Hall,' but many are so vulgar. What is thrilling to me is a beautiful sunset or seeing a deer run through the forest."

The great films of today, she insists, are those that explore human relationships without being vulgar or sensational. "I think the ability to present the simple truth is slightly absent today, but when a picture comes along that has nothing to do with senseless violence or sexual suggestiveness, such as 'A Room With a View,' lt can do brilliantly because it will explore who we are and what



The actress and author at her Manhattan home.

the most charming and acceptable long-lasting relationship."

Eveo though Hephurn has worked with a variety of leading directors ranging from George Cukor, in many of her early comedies, to Sidney Lumet, John Huston, Stanley Kramer and David Lean she dismisses the option that the cinema is turning into a medium dominated by either directors or cinematographers.

"It's the writing that counts. Films and theater are still a writer's medium - he's the one who gets the idea and does the work. And if the writing is interesting, and you're not an absolutely rotten actress, you can make something of yourself in the film.

"But I do think a director can belp a script a lot. [Gregory] La Cava certainly twisted 'Stage Door' around tremendously, And George Cukor - who wasn't a good writer - was a brilliant director because he had a wonderful way of presenting people - he gave me entrances and eccentricities and fixed it so that I looked at kind of cheap sex object or a valthe camera with loving hands and he was a great deal of help - and Mark Rydell [of 'On Golden anymore about great families Pond'] had the right sense of when big, big, fascinating female smell, And there's no question in stars used to dominate films. my mind that John Huston pre-

actors to get the right effect." Early in her career, Hepburn became known as a feminist because she wore pants when it wasn't the style, she played tennis and golf, she chose to have a career rather than raise a family, and she spoke out for a woman's

right to vote and have an abor-

mothers and workers, which, she feels, is working against them in films and in life. "More opportunities for wom-en in films?" she said, aghast, her voice rising in a slight crescendo. "My second director was a woman, and I was brought up to feel as though women were just as good

different sex. "But women have not benefited in stories because they're writing about lunatic men, or young men or sexually deprayed men, or gay men, and women have become gar sex object or an impossible bossy object. They're oot writing

"Who's Garbo today? When I ferred shooting elephants to met her she was magic in your shooting 'The African Queen,' mind - a brilliant actress and the pictures of the movie, it's like we're supposed to do and what is hut he was an absolute genius — fascinating and you didn't think

Harlow? Or Bette Davis? Who are they? Jane Fonda may have done very well with her overexercising, but the oew female stars are oot as thrilling to me - they're not romantic figures. They're oot stars anymore — in any field — and I have oo idea why, because people obviously long for them."

The actors and actresses today are still just as capable as they were years ago, she says, but there's too much self-absorption. "Today, they do a great deal of ACTING, all in capitals. There's too much talk about it - and if I see the wheels going around in an actor's head or if it's too visibly worked upon, it's exhausting. I don't think good directors tell you too much what to do.

"I like acting to be a kind of a happening - Spence could just do it without a lot of talk, and Larry [Olivier] could do the same thing. Today, the only actor of that size who has come along is Robert Lindsay. He was magic [in 'Me and My Girl'] absolutely magic. But there are only about four people I'd put on that list -Laurette Taylor, Spencer and Wilfrid Lawson, a brilliant character actor in England."

The loss of the pioneering spirit that invested filmmaking in its early years has also eroded its idealistic mission, she declared. tion. Today, she is equally outspoken about the confusion created by women's dual roles as "Making films today still has the same conviviality, but there seems to be more concentration ou monthat we're aware of. Louis Mayer and Sam Goldwyn were remarkable creatures hecause they had a romantic appreciation of the business - they had a sense of love for movies. And today it's, 'What's the record? How well did it do there?' It's become a busias men - it never occurred to me ness. Great big companies own that I was an inferior sex. I was a companies and they put in money

and they want to see results." Are the times really out of joint? Or is this simply a reminder that filmmakers oeed to do some reassessing about the mission and limits of their craft? "All good stories can be made. I don't think people are limited in what they can do. Film was and is still a romantic business, just as life is romantic. Your possibilities are romantic, my possibilities are romantic - we have this enormous thing we can do with this thing called me."

## Concert at White House After waiting eight years to leave

the Soviet Union, the pianist Vladimir Feltsman played his first concert in his new country in the White House on Sunday. Feltsman, who arrived in the United States in Angust, opened his concert with "The Star-Spangled Banner" and wound it up with an encore performance of Scott Joplin's "Maple Leaf Rag." In between, he played Sch. mann, Beethoven, Liszt, Rachman, Benthoven, Liszt, Rachman, for emigration led to artistic chie in your homeland and long difficult years." President Ronald Research to bitterness is proof that years are not only a great musician. you are not only a great musician it is proof that you are a hero of the Mill Gamboat human spirit."

Friends have abandoned them and strangers have harassed them but Geraldine Ferraro said that John Jr., is awaiting trial on cocaine sale and possession charge:
A daughter, Donna, 25, is in a training program at an investment house, and 21-year-old Lanra is attending Brown University.

Sophia Loren and a Secondary of the Emittates.

Sophia Loren and a Stradivan strain in Iranian violin were the stars of the 42d star in Iranian annual Champions of Italy awards in Como. The actress was honored for her life's work. "She is the symbol of how a star is born of how

The Franco-Belgian film Wed-

bol of how a star is born, of how the Bracon film is born," the jury said in awarding her the Golden Mask prize. The violin, crafted in 1715 by Antonio Stradivari, served as a served as Antonio Stradivari, served as a polytopic after the bol for a celebration organized by Cremona on the 250th anniversary of Stradivari's death.

ding in Galilee," about a Palestin ian wedding that takes place in Is rael under martial law, written and inspects and fran martial directed by Michel Kleifi, a Pales, and in runes specified in tinian, went the best film and the runes specified in tinian, won the best film prize at de le cosponie to a the 35th San Sebastian internation. al film festival.

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